TOSHIBA
Leading Innovation

Annual Report

Operational Review

2011

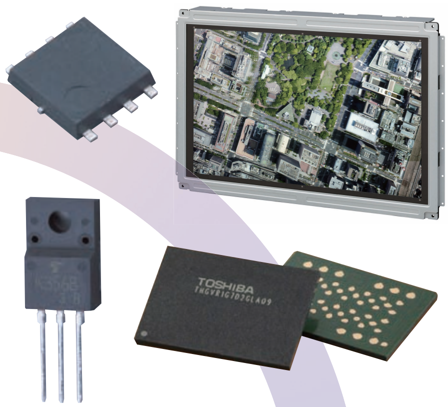
Annual Report 2011 Operational Review

Toshiba is a diversified electric/electronic manufacturer and provides a wide range of products and services on a global basis in four business domains: Digital Products, Electronic Devices, Social Infrastructure and Home Appliances. In addition to this, Toshiba Group also focuses on new business areas and business expansion.

This report looks at the recent progress Toshiba has made and at the initiatives we will take going forward, with a primary focus on business achievements in the fiscal year ended March 31, 2011.

Digital Products Segment

Electronic Devices Segment



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Social Infrastructure Segment

(Elevator) *

* The Tokyo Sky Tree® image provided by: Tobu Railway Co., Ltd. and Tobu Tower Sky Tree Co., Ltd.

Home Appliances Segment

Contents

To Our Shareholders

In FY2010, consolidated net sales increased to ¥6,398.5 billion, a rise of 1.7% over that of the previous fiscal year. In addition, consolidated operating income surged ¥115.1 billion over that of the previous fiscal year to ¥240.3 billion, and net income was ¥137.8 billion, a sharp turnaround of ¥157.5 billion compared with the previous fiscal year. Our profit level recovered to that of FY2007, the year prior to the global financial crisis, as each of our business segments generated profit.

In the Digital Products business segment, the operating income generated by LCD TVs was in the black for the seventh consecutive fiscal half-year term on increased sales. Compared with the previous fiscal year, the operating income engendered by notebook PCs improved greatly, as their sales also grew. In the Electronic Devices business segment, our memories business achieved a record-high profit of ¥108.7 billion. The operating income of our LCD panels business greatly improved and moved into the black, as we restructured the business. In the Social Infrastructure business segment, sales of power generation systems, including to the emerging economies, remained solid and the segment continued to maintain a high level of profit. The Home Appliances business segment turned in a healthy performance and moved into the black. The strengthening of our financial base has progressed steadily. Our debt-to-equity ratio improved to 125% at the end of March 2011 from 153% at the end of March 2010. The annual dividend for FY2010 was ¥5 per share.

Going forward, we are determined to contribute to the recovery of Japan by supporting the restoration of Japan's social infrastructure. At the same time, we will continue to strive to make Toshiba an even stronger global contender, one with unrivalled global competitiveness in our major business fields and with a robust financial foundation. Towards this end, we will continue our efforts to restructure certain of our businesses and strengthen the profit basis of underperforming businesses. We will speed up the transformation of Toshiba's business structure by prioritizing investment to new and growing focus business areas so as to create new profit bases. We will also strive to greatly increase Toshiba Group's ability to respond to the challenges to society posed by the need for global environmental change. As we carry out these strategic management policies, we will further endeavor to enhance the corporate value of Toshiba Group.

We would like to ask our shareholders for their continued strong support.

Atsutoshi Nishida
Director, Chairman of the Board

Norio Sasaki
Director, President and CEO

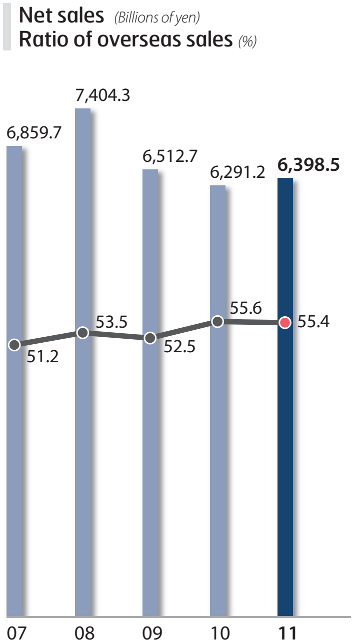
Financial Highlights • Toshiba Corporation and its Subsidiaries

For the years ended March 31, 2011, 2010, 2009, 2008 and 2007

(Billions of yen)

	2011	2010	2009	2008	2007
Financial performance					
Net sales—Japan	**¥2,851.8**	¥2,791.3	¥3,093.7	¥3,445.4	¥3,349.4
—Overseas	**3,546.7**	3,499.9	3,419.0	3,958.9	3,510.3
Net sales (Total)	**6,398.5**	6,291.2	6,512.7	7,404.3	6,859.7
Operating income (loss) *(Note 2)*	**240.3**	125.2	(233.4)	240.4	247.2
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**195.5**	34.4	(261.5)	258.1	315.9
Net income (loss) *(Note 3)*	**137.8**	(19.7)	(343.6)	127.4	137.4
Financial position and indicators					
Total assets	**5,379.3**	5,451.2	5,453.2	5,935.6	5,932.0
Equity attributable to shareholders of Toshiba Corporation *(Note 4)*	**868.1**	797.4	447.3	1,022.3	1,108.3
Interest-bearing debt	**1,081.3**	1,218.3	1,810.7	1,261.0	1,158.5
Shareholders' equity ratio (%)	**16.1**	14.6	8.2	17.2	18.7
Debt/equity ratio (Times)	**1.2**	1.5	4.0	1.2	1.0
Investment					
R&D expenditures	**319.7**	311.8	357.5	370.3	365.3
Capital expenditures (Property, plant and equipment)	**231.0**	209.4	355.5	464.5	373.8
Return indicators					
Return on investment (ROI) (%) *(Note 5)*	**10.4**	5.1	(8.9)	9.2	10.6
Return on equity (ROE) (%)	**16.6**	(3.2)	(46.8)	12.0	13.0
Free cash flow					
Net cash provided by (used in) operating activities	**374.1**	451.4	(16.0)	247.1	561.5
Net cash used in investing activities	**(214.7)**	(252.9)	(335.3)	(322.7)	(712.8)
Free cash flow	**159.4**	198.5	(351.3)	(75.6)	(151.3)
Per share of common stock (yen)					
Net income (loss) *(Note 6)*					
—basic	**32.55**	(4.93)	(106.18)	39.46	42.76
—diluted	**31.25**	(4.93)	(106.18)	36.59	39.45
Cash dividends	**5.00**	0.00	5.00	12.00	11.00
Number of employees					
Number of employees (Thousands)	**203**	204	199	198	191

Notes:
1. U.S. GAAP was codified by the Financial Accounting Standards Board. Beginning with the fiscal year ended March 31, 2010, the codified standards are described in "Accounting Standards Codification (ASC)."
2. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales.
3. Net income (loss) attributable to shareholders of Toshiba Corporation is described as Net income (loss).
4. Equity attributable to shareholders of Toshiba Corporation is based on U.S. GAAP.
5. ROI = Operating income (loss) / (Average equity attributable to shareholders of Toshiba Corporation + Average equity attributable to noncontrolling interests + Average interest-bearing debt) × 100
6. Basic earnings (losses) per share attributable to shareholders of Toshiba Corporation (EPS) is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.
7. On June 17, 2010, Toshiba Corporation and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, Toshiba Corporation transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. Prior-period data relating to the discontinued operations has been reclassified in accordance with ASC No.205-20, "Presentation of Financial Statements —Discontinued Operations."
8. The Mobile Broadcasting business ceased operation at the end of the fiscal year ended March 31, 2009. Prior-period data from the fiscal year ended March 31, 2008 has been reclassified to conform with the current classification.


Net sales (Billions of yen)
Ratio of overseas sales (%)
6,859.7
7,404.3
6,512.7
6,291.2
6,398.5
51.2
53.5
52.5
55.6
55.4
07
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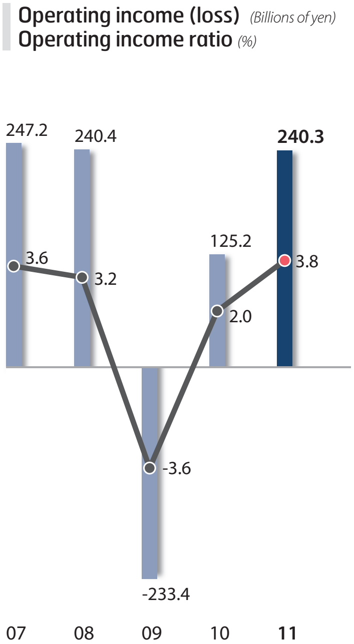
11


Operating income (loss) (Billions of yen)
Operating income ratio (%)
247.2
240.4
240.3
125.2
-233.4
3.6
3.2
-3.6
2.0
3.8
07
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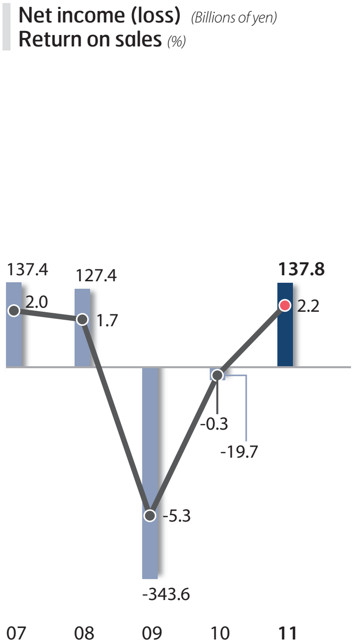
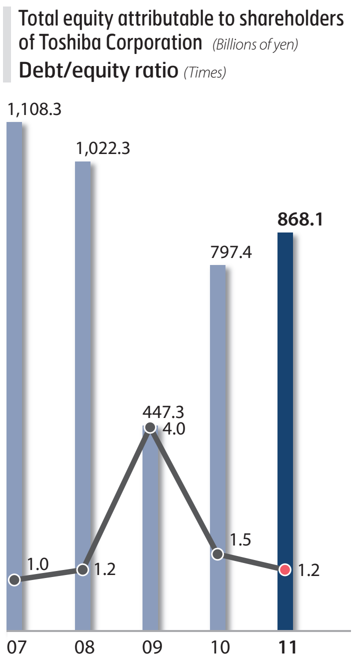
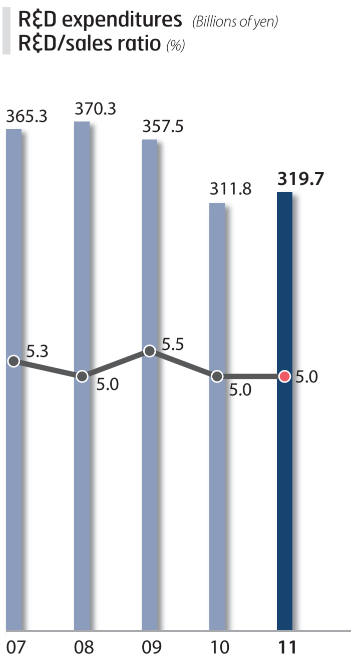
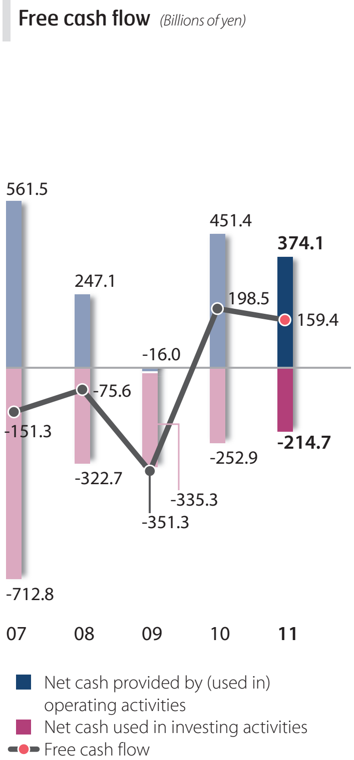
09
10
11


Net income (loss) (Billions of yen)
Return on sales (%)
137.4
127.4
137.8
-19.7
-343.6
2.0
1.7
-5.3
-0.3
2.2
07
08
09
10
11


Total equity attributable to shareholders of Toshiba Corporation (Billions of yen)
Debt/equity ratio (Times)
1,108.3
1,022.3
447.3
797.4
868.1
1.0
1.2
4.0
1.5
1.2
07
08
09
10
11


R&D expenditures (Billions of yen)
R&D/sales ratio (%)
365.3
370.3
357.5
311.8
319.7
5.3
5.0
5.5
5.0
5.0
07
08
09
10
11


Free cash flow (Billions of yen)
561.5
247.1
-16.0
451.4
374.1
-712.8
-322.7
-335.3
-252.9
-214.7
-151.3
-75.6
-351.3
198.5
159.4
07
08
09
10
11
Net cash provided by (used in) operating activities
Net cash used in investing activities
Free cash flow

An Interview with the President

"Going forward, I intend to further accelerate the transformation of Toshiba's business structure and achieve vigorous sustained growth that surpasses that of the market as well as a more highly profitable business structure. I will advance our basic management policies of accelerating global business development, further speeding up the pace of innovation and assiduously promoting CSR management. I intend to make Toshiba an even stronger global contender, one with unrivalled global competitiveness in our major business fields and with a robust financial foundation."

Norio Sasaki Director, President and CEO

Q How do you evaluate the business performance of Toshiba Group over the past two years since you became the president of Toshiba in 2009?

A Since assuming the presidency, I have taken a number of steps to restructure businesses with the result being that underperforming businesses have been improved and our profit-making structure is steadily being strengthened. I have also implemented several decisive measures to establish a robust financial foundation that provides both the resources for growth and financial soundness. At the same time, to transform Toshiba's business structure, I worked on focusing on growth businesses, expanding the scope of key businesses and accelerating the development of new business areas, and aimed for further growth and the improvement of profitability.

In restructuring our LCD panels business, we moved ahead with our strategic management policies of focusing on high-value-added products by taking such measures as transferring the LCD panels business for PCs to Taiwan's AU Optronics Corporation and reorganizing LCD production bases in Japan. We will concentrate on the manufacturing of LCDs for mobile devices, such as smartphones and car navigation systems. As a result, we were able to improve the earnings of this business. In our industrial lighting business, we consolidated overseas manufacturing bases and carried out a review of our business system in Japan. In addition, we transferred our mobile phone business to a new company through a business merger with Fujitsu Limited.

In the system LSI business, we dissolved our joint venture with Sony Corporation – Nagasaki Semiconductor Manufacturing Corporation – transferring its semiconductor fabrication equipment to Sony, and we consolidated our production bases. We also have been aggressively carrying out fixed-cost reductions. In FY2009, we reduced these costs by about ¥430 billion, compared with the previous fiscal year, and in FY2010, we further reduced fixed costs by about ¥100 billion. During the past two years, we have become a much leaner company that can more quickly respond to changes in the business environment.

We will continue to resolutely carry out the restructuring of underperforming businesses. However, because these efforts are now on a firm footing, I am thinking of focusing more on achieving the transformation of Toshiba's business structure. To ensure the growth of our NAND flash memory business, in August 2010 we began construction of Fab No. 5 at our Yokkaichi Operations, our mass production base for NAND flash memories. Construction was completed in March 2011, and we will soon be ready with manufacturing capabilities that can meet the expanding global demand for these memories. By accelerating process migration, we intend to strengthen and extend our leadership in the NAND flash memory market. To accomplish this goal, while expanding product applications, we have begun mass production of cutting-edge high-density NAND flash memories using 24nm process technology.

In Smart Community-related businesses, we are focusing on such new business opportunities as participating in a number of verification projects both in Japan and overseas as well as in possible commercial projects. In addition, we began mass production of rechargeable lithium-ion SCiB™ batteries in Japan at a new plant in Kashiwazaki City in Niigata Prefecture. Our unique SCiB™ batteries have a wide range of applications such as for EVs (electric vehicles), PHEVs (plug-in hybrid electric vehicles) and energy storage for Smart Grids.

Going forward, I intend to further accelerate the transformation of Toshiba's business structure and achieve vigorous sustained growth that surpasses that of the market as well as a more highly profitable business structure. I will advance our basic management policies of accelerating global business development, further speeding up the pace of innovation and assiduously promoting CSR management. I intend to make Toshiba an even stronger global contender, one with unrivalled global competitiveness in our major business fields and with a robust financial foundation.

Q The business environment has changed due to the Great East Japan Earthquake. Has this led to any changes in your business strategies?

A First, I wish to express my heartfelt sympathies to all those people and families who were affected by the disaster.

A few Toshiba Group manufacturing facilities located in East Japan experienced some damage from the Great East Japan Earthquake, but its impact was limited and operations have already been restored. Presently, through our business activities, we are doing our utmost to help in the restoration and recovery of the disaster-stricken areas.

There has been no change in the direction of our strategic management policies. The essential importance of such crucial matters as meeting the growing demand for electric power, more effectively dealing with environmental issues, advancing digitalization and networking and handling the hugely-increasing volume of information flows remain as key trends affecting the business environment.

As a result of the steps that have been taken to cope with the effects of the earthquake disaster, I realized once again that there is a need to further improve Toshiba Group's supply chains and components and parts procurement systems from the point-of-view of our business continuity plan. We are carrying out the further strengthening of our BCP through such measures as minimizing procurement risks by forming a multi-vendor system that includes the use of dispersed regional bases of procurement and reconfiguring a part of our production systems so as to meet our supply responsibilities as a maker.

In the coming years, as we globally expand our businesses, there will be no change in the reality that development is important to the newly emerging economies such as China and India. In order to respond speedily to changes in the global market environment, we will move forward by further improving our response capability to fluctuations in foreign exchange rates, strengthening our cost competitiveness and refining our BCP readiness, as we aim to realize the most appropriate balance for optimizing production, procurement and sales by expanding businesses in emerging economy markets, maximizing the effectiveness of Japanese and overseas production bases and expanding overseas procurement.

Q NAND flash memory is one of main businesses Toshiba is focusing on. What are your thoughts about the future of this business?

A Our NAND flash memory business, which has a global top-level market share, achieved a record-high operating income of ¥108.7 billion in FY2010.

At present, the storage market is progressing toward an era of "information explosion" in which the volume of data being processed will increase exponentially, and the memory market is also expected to greatly expand in the future. Accordingly, we are strengthening our advanced process generation memory products that are market leaders and are accelerating the development of future generations of post-NAND products. In parallel, we will make efficient investments to support the growth of this business that are in line with market trends.

Looking toward future growth, Toshiba, ahead of other companies, made sample shipments in April 2011 of the world's smallest and highest density 2-bit-per-cell 64-gigabit chips using 19nm process technology, the finest level yet achieved. We began to mass-produce advanced process generation NAND flash memories at the newly constructed Fab No. 5 at our Yokkaichi Operations in July 2011, and shipments started in August. We are continuing to press forward with further shrinking chip size, and at the same time, we are in the process of basic development of post-NAND memory chips such as BiCS (bit-cost-scalable) and next-next generation 3D memories. We have recently agreed with Hynix Semiconductor Inc. to jointly develop Magnetoresistance Random Access Memory (MRAM), a next-generation memory device which, when used together with NAND flash devices, can provide optimum storage solutions for future mobile devices. Furthermore, we will strive to expand our storage business by developing new high-performance application products that have high-added value. We will enhance the competitiveness of our SSD (solid state drive) storage devices by introducing a series of innovative new enterprise SSDs for servers. We will advance our capabilities in the storage business through integrated development and marketing of SSDs and HDDs. To further maximize synergies in these businesses, we merged our Semiconductor Company and Storage Products Company into a new in-house company in July 2011. By means of all these efforts, we are aiming to achieve net sales of ¥1.1 trillion in NAND flash memories in FY2015.

Q You are determined to make Smart Community-related businesses a new profit base. How do you expect this new business to develop in the coming years?

A We will nurture Smart Community-related businesses into a new profit base by vertically integrating our power generation, power transmission, power distribution and Smart Grid businesses in which Toshiba already has a wealth of accumulated experience. For the creation of a Smart Community that offers a total solution for making the urban environment and social infrastructure "smarter and greener," including energy, water and transportation systems, it is necessary to have such technologies as those for Smart Meters that are key devices for Smart Grids and communication technologies that collect and control data. For this purpose, we recently acquired Landis + Gyr AG, a company that has the leading global position in energy management solutions for utilities. Innovation Network Corporation of Japan, a public-private partnership funded by the Japanese government and private corporations, has become a strategic partner by taking a 40% equity stake in that company. Landis + Gyr has developed its AMI (Advanced Metering Infrastructure) business that is essential for Smart Grids in more than 30 countries around the world and is proud of its world's No. 1 share in Smart Meters. By utilizing the extensive customer network that this company has developed, we will accelerate the global development of Smart Communities. In addition, by utilizing the abundant social infrastructure business applications Toshiba possesses, we will also promote development into new application fields. Furthermore, I think that for the Smart Community to function organically the integration of our strength in power control technologies with data processing and computing cloud services is essential, and we will go forward with our strategic policy of establishing alliances with leading-edge IT partners. For example, in June, we announced plans to work together with Hewlett-Packard on integrating Smart Community technologies and exploring global business projects in this field.

By creating comprehensive energy-management systems and maximizing the synergistic effects of integrating technologies, products and services to create new business opportunities, we will further accelerate the global development of Smart Community-related businesses and become a leading global company in this business field. By aggressively promoting our Smart Community business strategies, we are aiming for net sales of ¥900 billion in FY2015.

Q With regard to Toshiba's energy-related businesses you are following a strategic policy of strengthening Toshiba's renewable energy businesses. What is your vision about the future of Toshiba's energy-related businesses?

A With regard to renewable energy, which we have long been concentrating on, our strategic policy is to further accelerate our capabilities and market position in this business field. In addition to providing renewable energy in power generation fields in which Toshiba already possesses an extensive record of experience such as our solar photovoltaic systems with their world-leading efficiency, our top share in mega-solar power generation in Japan, hydroelectric power, in which we have the world's leading high-head, adjustable-speed pumped-storage technology, and geothermal power generation equipment, in which we have the world's top market share, we will expand into new energy fields such as solar power and wind power. In the future, by means of our global business development strategies, including the establishment of strategic business alliances, we will further expand and actively move more extensively into wider areas in the renewable energy market. For example, with regard to wind power, we have entered into a strategic business alliance based on our taking a stake in Unison Co., Ltd., a long-established innovative Korean wind power equipment manufacturer. This alliance will help us expand into this business through the co-development and marketing of high-efficiency wind power generators.

I believe that the importance to society of mainstay power generation systems such as thermal power will not change, and we will continue to work to accelerate the global development of these systems. We have a long record of experience in the thermal power field, both in Japan and overseas, starting with achieving eight consecutive years in the No. 1 position in the share of orders received for steam turbine generators from the North American market. Furthermore, in order to expand this business, we will collaborate with The Babcock & Wilcox Company, which is proud of having the top market share for boilers in North America, and we will work to increase the number of package-supply BTG (boiler, turbine and generator) orders we receive in such countries as India. In combined-cycle power generation as well, together with the U.S. company General Electric, we will supply the world's leading high-efficiency thermal plants to the global market.

Furthermore, as worldwide energy demand is still continuing to grow, our nuclear energy business has a target of receiving orders for 39 units by FY2015 and we have set a goal of achieving net sales of ¥1 trillion. However, depending on our customers' situations and each country's energy policy trends, there is a possibility that the achievement of this goal may come a couple of years later. We are planning to carry out measures to enhance safety at existing nuclear plants in accordance with the safety standards that will be revised based on the results of analyses currently being conducted by each-related organization. At the same time, we are also developing next-generation nuclear reactors that will be extremely safe.

Q With regard to the Digital Products and Home Appliances business segments, going forward, how will you achieve robust growth and higher profitability?

A By offering new enhanced fusion products and services, maximizing synergies through integrating technologies, sharing sales networks and developing products that match regional needs, we are aiming to achieve stronger growth and higher profitability in these segments.

In the Digital Products business segment, in addition to strong sales of both notebook PCs, which have continuously held the No. 1 market share in Japan, and LCD TVs, which greatly increased in sales mainly in Japan and the ASEAN region, as a result of the continuous strengthening of the profit structure of this segment, particularly through the reduction in fixed costs, this segment continued to be in the black. The boundaries of products such as TVs, PCs and mobile devices are disappearing, and the integration of technologies, components, and products and services that cross over the borders of each category is very desirable.

To respond to these changes in the business environment, in April 2011, we integrated our visual products and PC businesses by incorporating them into a new in-house company organized on a regional basis with respective business units for Japan, Europe/U.S., emerging economies and China. We will carry out speedy and timely business strategies by developing regionally-matched products, strengthening regional area sales and marketing organizations through maximizing organizational synergies, and delivering to the market innovative products such as battery–backup "Power TVs" as we strive to further improve the profitability of these businesses in the future. We intend to accelerate and streamline our businesses in emerging economy markets through these regionally based organizations and closer collaboration between the Digital Products and Home Appliances business segments.

Q Toshiba's financial structure has been strengthened. How do you view the relationship between financial soundness and pursuing growth strategies for the future?

A Our free cash flow at the end of FY2010 continued at a high level of ¥159.4 billion and the strengthening of our financial base was reflected by the improvement of our debt-to-equity ratio (D/E ratio) to 125%.

While striving to further strengthen Toshiba Group's financial base in the coming years, we will aggressively move forward with allocating strategic resources to the businesses we have selected to focus upon so as to achieve stronger growth and higher profitability. With regard to the reserves that stem from the improvement of our D/E ratio, by the end of FY2013 (March 2014), we will secure the funds to accelerate growth by further improving our D/E ratio to 50%, among other measures. I am thinking of utilizing these capital funds for facility investments and M&A in new and growth businesses, as compelling future business opportunities arise. During the next three years, we are planning to invest a total of ¥1,450 billion in capital expenditures and investment & loans, and we will allocate ¥1,100 billion for R&D expenditures. Our strengthened financial structure will enable to us to use a portion of our capital funds to make additional bold future investments. We will further accelerate growth by strategically utilizing ¥700 billion of shiftable funds and our improved assets to make appropriate new investments. In addition, we are targeting a return on investment (ROI) of 20% by the end of FY2013, double that of FY2010.

With regard to return to shareholders, we seek to continuously increase the annual dividend in line with a consolidated dividend payout ratio of about 30%.

Q What is your thinking about Toshiba Group's CSR and environmental management policies?

A By acting with unwavering integrity and continuing to promote strong environmental management, we will strive to become a company that is trusted and admired all over the world and that will greatly contribute to society. Since assuming the presidency, I have emphasized the essential importance for CSR management of always acting with complete integrity in every aspect of our activities. When I use the word "integrity," I have two business-related connotations of the word in mind: First, to proactively carry out our corporate social responsibilities in all of our business activities by sincerely dealing with various issues in society, and second, to pursue soundness in management and financial structure. Values such as integrity are a primary consideration for Toshiba Group, and our strong backbone of shared corporate values was again demonstrated by our speedy and comprehensive measures taken in response to the Great East Japan Earthquake.

In addition, we are striving to contribute toward the realization of a sustainable future world by reducing our impact on the environment. We are expanding our environment-related businesses and tackling the environmental burden in all of our business activities through strong environmental management aimed at contributing to society by such means as the strength of Toshiba's low-carbon technologies.

Q Lastly, what are your aspirations for FY2011?

A I consider FY2011 is the year for Toshiba Group to aggressively accelerate the global growth of the businesses we are focusing upon and move further forward with the transformation of our business structure in order to create new profit bases. I am confident that our strategic management policies will lead to the creation of strong new markets through the introduction of innovative "first in the world" products and services, ahead of other companies, and at the same time, we will provide global markets with products and services that can continue to maintain the No. 1 market share in the world. I aim to make Toshiba an even stronger global contender, one with unrivalled global competitiveness. In Japan we will also make it our company's mission to contribute to the recovery of Japan through our business activities.

We will strive hard to further increase the value of Toshiba Group so as to meet the expectations of all of our shareholders. I ask for your continued strong support.

Toshiba Group's response to the Great East Japan Earthquake

We offer our deepest condolences to the victims of the Great East Japan Earthquake.

At 14:46 on March 11, 2011, northeast Japan was struck by a magnitude 9.0 earthquake. The immensely powerful tsunami that it triggered devastated the northeastern Tohoku coast and caused widespread damage along the Pacific coast down to the central region of Kanto.

Toshiba responded by setting up a special task force, led by the president and CEO, that oversees Toshiba Group's activities to restart operations and support reconstruction in the disaster-hit region. These are as detailed below, as of May 23, 2011.

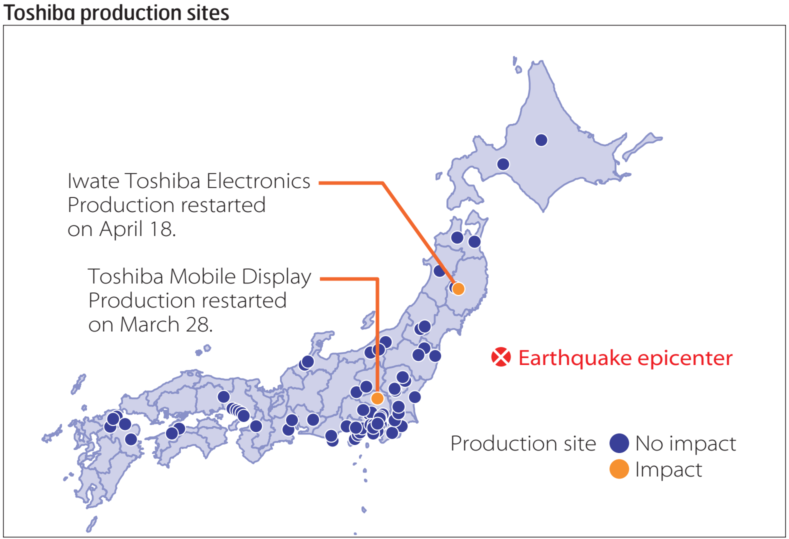
Toshiba Group's main mission is to contribute to Japan's recovery through our business activities. We will devote our resources to that end.

Production Facilities

The following major production facilities were carrying out business as usual at the end of March. Semiconductor facilities: Yokkaichi Operations and Oita Operations. Social infrastructure facilities: Keihin Product Operations, Hamakawasaki Operations, Fuchu Complex and Komukai Operations. Digital products: Fukaya Operations and Ome Complex.

Two facilities needed time to secure recovery. Production at Iwate Toshiba Electronics Co., Ltd., a semiconductor manufacturer in Kitakami City, Iwate Prefecture, restarted on April 18. The LCD production line at Toshiba Mobile Display Co., Ltd. in Fukaya City, Saitama Prefecture, resumed full operation at the end of April.

Toshiba production sites



Providing Support toward Securing the Safety of the Nuclear Power Plants

Special teams at Toshiba's Tokyo headquarters and its Isogo Nuclear Engineering Center in Yokohama is helping to secure the safety of Fukushima Daiichi Nuclear Power Station. The team works 24 hours a day to gather and analyze data and develop solutions.

We responded to requests from the Japanese government and Tokyo Electric Power Company (TEPCO) by dispatching nuclear engineers to TEPCO's head office and to the Fukushima plants, where they are providing technical support and consultation. As of May 23, including personnel from our key business partners, approximately 1,900 people are supporting this effort, most of them engineers, and more than 1,200 have worked on site. We have about 400 people on site every day on a rotating basis.

Beyond this, at TEPCO's request, we are developing solutions with Westinghouse Electric Company, a Toshiba group company; The Shaw Group, our partner in advanced boiling water reactors; The Babcock & Wilcox Company (B&W), a leading U.S. provider of power technologies; and Exelon Nuclear Partners, a major U.S. utility.

We are treating irradiated water on the site by carrying out overall system design, supervising monitoring and control of the water treatment plant and supporting water treatment equipment supplied by overseas corporations.

Overcoming Power Shortages

Toshiba Group is supporting the government and electric utilities' battle against power supply shortages in central and northeast Japan with over 200 people, and giving top priority to restoring infrastructure.

Activities center on supporting TEPCO and Tohoku Electric Power Co., Inc. in restoring damaged thermal power plants and devastated power transmission and distribution systems, including substations and switchyards; the early return to operation of thermal plants undergoing periodic maintenance; and recommissioning mothballed thermal plants. We aim to help recover about 10,000MW of generating capacity in the TEPCO and Tohoku Electric Power service areas.

Moving forward, Toshiba Group will continue to provide all required support.

Saving Energy

In Tohoku and Kanto, we are reducing electricity usage at peak times and expanding in-house use of power generation equipment.

Support Activities

Group efforts to assist victims of the disaster include donating the equivalent to 1-billion yen for evacuation shelters, meeting points and temporary government buildings, and the provision of essential goods. We also established a 500-million-yen Toshiba Great East Japan Earthquake Scholarship in July.

Our contributions to job creation in the disaster area include providing fishing boats to support the tsunami-devastated fishing industry, and providing retail space, vehicles and support staff to help revive electronics stores hit by the disaster.

Delivering aid for Soma City, Fukushima Prefecture

Our employees

Of 74,104 Toshiba Group employees residing in Tohoku and Kanto, 74,103 are safe. We greatly regret the loss of one employee.

Mid-term Business Plan

Toshiba Group's mid-term business plan to FY2013 was issued on May 24, 2011. While aggressively accelerating the global growth of our core businesses and establishing new profit bases, we are aiming to become an even stronger global contender.

Basic Management Policies

Becoming an even stronger global contender

Allocate resources to strategic business areas

Continue to accelerate globalization

Set up ambitious goals for innovation and speed its pace

Push forward with CSR management

Mid- to Long-term Vision

Transforming Business Structure

Transform Toshiba Group into a top-level diversified electric/electronics manufacturer with strong global competitive power

Restructuring of Businesses

Assure that Toshiba Group has a steady, strong, and highly profitable business structure and sound financial foundation that can withstand rapidly changing economic conditions and market changes

Environmental and CSR Management

Establish a position as one of the world's foremost eco-companies and contribute to the future of a sustainable planet Earth

Measures

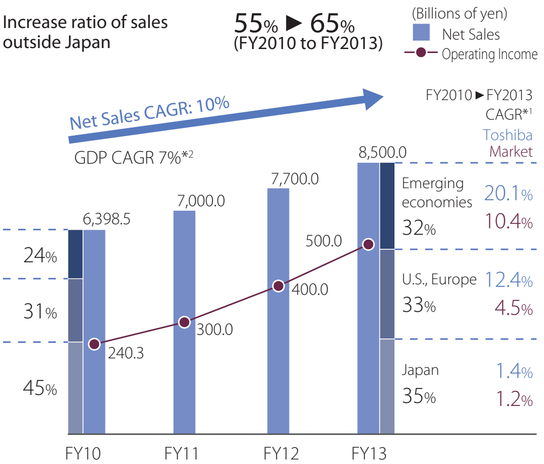
- **NAND Flash Memories**
  Enhance products and accelerate next-generation development
- **Smart Community**
  Become a world leader by vertically integrating our power generation, T&D and Smart Grid businesses
- **Power Electronics, EV Applications**
  Realize an environmentally friendly society by use of our core technologies for reducing the environmental load
- **Renewable Energy**
  Contribute to global environment with low-carbon power generation technology
- **Healthcare**
  Accelerate expansion of business areas
- **Fusion Products and Services for Digital Products**
  Enhance fusion products and services by maximizing synergy

- **System LSI**
  Restructure System LSI business in response to market changes
- **Responding to Changes in the Market Environment**
  Improve coping with exchange rate fluctuations, cost competitiveness and Business Continuity Plan (BCP) readiness

- **CSR Management**
  Act with unwavering integrity
- **Expanding Business by Strong Environmental Management**
  Contributing to society through strength of our low-carbon technologies

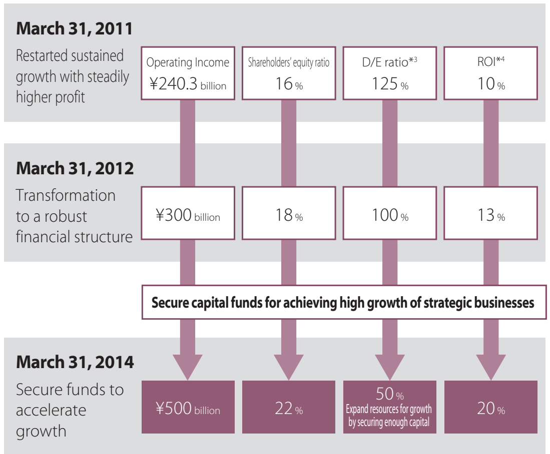
Numerical Targets

Strengthen sales outside Japan to achieve double-digit growth



*1: Compound Annual Growth Rate
*2: Source: IMF World Economic Outlook April 2011

Establishing a financial base that makes for both growth and soundness



*3: Debt/Equity ratio
*4: Return on Investment : operating income (loss) divided by total debt plus total equity

(Billions of yen)

		FY2010 Result	FY2011 Forecast	FY2013 Plan	CAGR FY2011-FY2013
Digital Products Segment	Net Sales	2,328.6	2,550.0	3,100.0	10%
	Operating income	13.2	20.0	40.0	
Electronic Devices Segment	Net Sales	1,347.7	1,450.0	1,850.0	13%
	Operating income	86.8	140.0	270.0	
Social Infrastructure Segment	Net Sales	2,267.7	2,500.0	3,000.0	10%
	Operating income	137.1	150.0	200.0	
Home Appliances Segment	Net Sales	599.8	650.0	700.0	4%
	Operating income	8.8	10.0	15.0	

Investment and R&D Expenditure

Accelerating business structure transformation by prioritizing investment in new and growing business areas

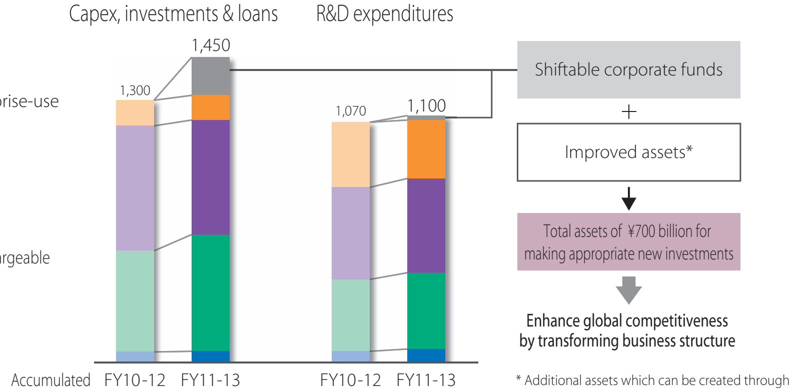
(Billions of yen)

Digital Products
Increase production of enterprise-use SSD and HDD storage

Electronic Devices
Promote finer lithography for NAND flash memory

Social Infrastructure
Increase production of super-rechargeable batteries to meet demand for EVs, Smart-Grid applications

Home Appliances
Increase production of models for emerging economies



* Additional assets which can be created through improving the D/E ratio to 50% (end of FY2013)

Accelerate Transformation of the Business Structure Through a New Organization that Reinforces Overall Strengths

To strengthen global business development, we implemented a structural reorganization of the Digital Products and the Social Infrastructure segments on April 1, 2011

Digital Products

Merging the Visual Products and PC businesses into the Digital Products & Services Company

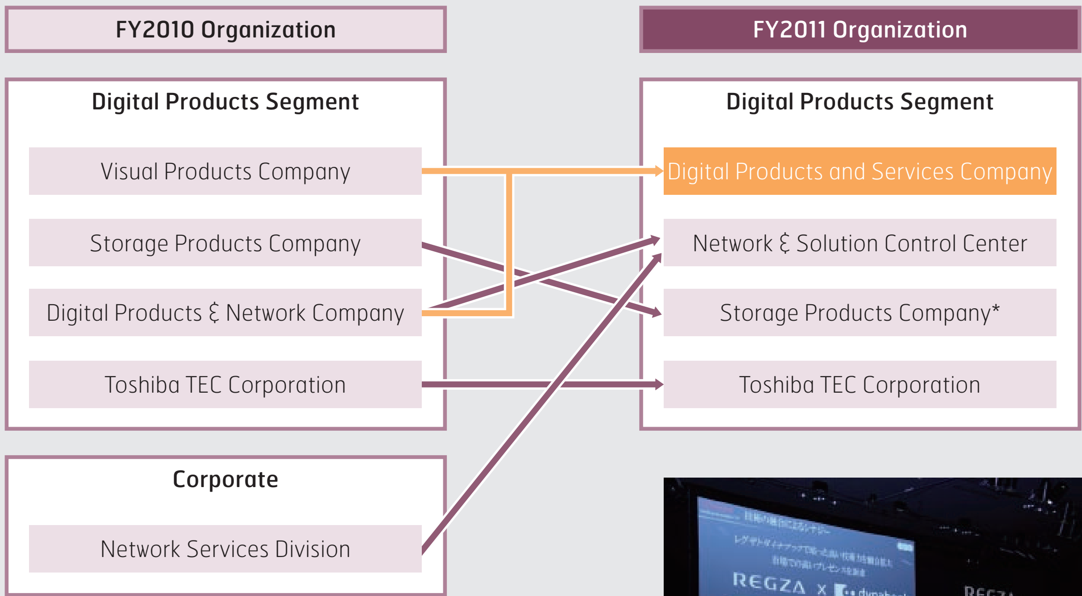
This new in-house company will make management more responsive, accelerate penetration of fast-growing emerging markets and create fusion products and services for the global market in TVs, PCs and tablet PCs.

Toward faster, more timely development and marketing of products that meet specific needs in regional markets, we have ended development and marketing of separated, category-based products, such as LCD TVs and PCs, for a system under which teams develop multiple cross-category digital products.

In FY2010, Toshiba ranked fourth in global combined unit sales of LCD TVs and notebook PCs (Toshiba research). Taking advantage of this scale merit, we will improve cost efficiency in production and procurement and realize the full potential of our development resources. We expect this approach to stimulate growth and profitability.

In Japan, we will take into account the impact of the earthquake and introduce products that reflect the need to manage power consumption, such as TVs equipped with batteries and PCs providing "peak shift control."

Digital Products Segment



*The Storage Products Company and Semiconductor Company were reorganized into a new in-house company, Semiconductor & Storage Products Company, on July 1, 2011.

Announcing new products that will create new digital markets, such as the "glasses-free 3D PC" and the "REGZA Tablet"

Social Infrastructure

Integrating the Smart Community-related businesses into the new Social Infrastructure Systems Company

The Social Infrastructure Systems Company merges two in-house companies and one strategic business unit, providing a base for proactive global development of the Smart Community-related business.

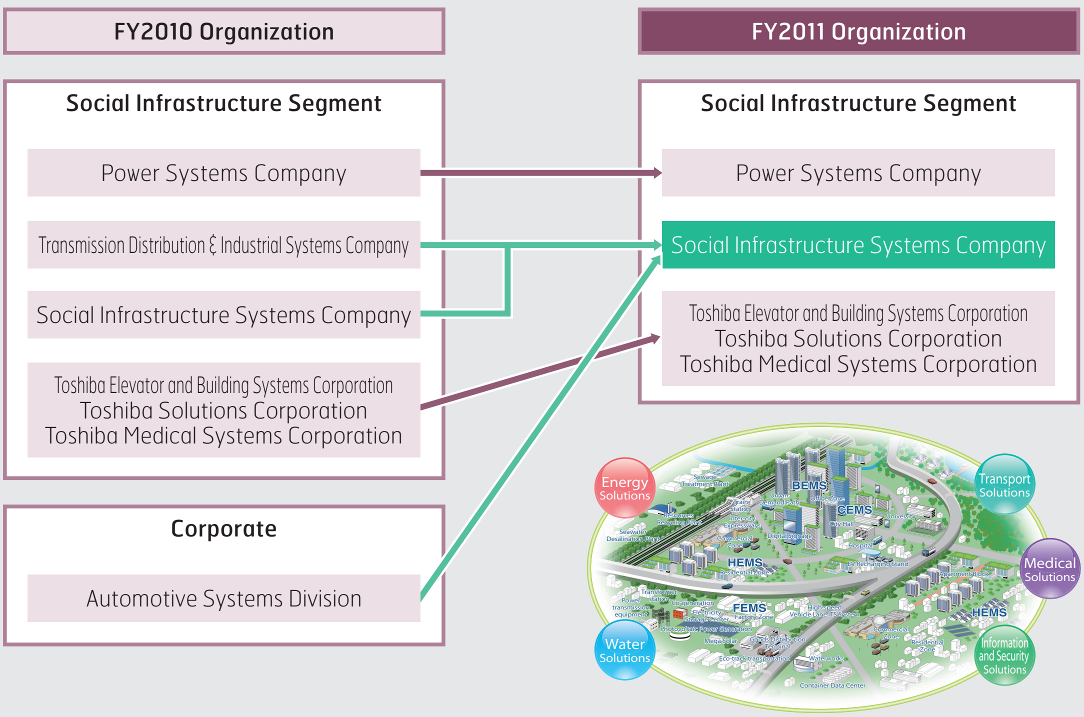
The company integrates the power-related systems and industrial electrical systems businesses, including the power transmission & distribution (T&D) business essential for Smart Communities, railways systems, automotive systems and industrial motors. Previously decentralized resources are now concentrated into a future growth business area.

By making full and effective use of current overseas sites for the T&D and industrial motor businesses in the United States, Brazil and Vietnam, we expect to accelerate globalization of the overall Smart Community-related business.

The new company's integration of T&D business serving both utilities and users will offer enhanced total solutions.

Finally, projects related to recovery from the earthquake now have top priority, an approach that survives the organizational change.

Social Infrastructure Segment



Smart Community Image

Transmission Distribution & Industrial Systems Company: T&D, railway traffic systems, solar photovoltaic systems, rechargeable, industrial motors and inverters, and so on.
Social Infrastructure Systems Company: water solutions, highway systems, and so on.
Automotive Systems Division: reports directly to CEO, oversees company-wide activities related to vehicle products and services.

Business Review

Toshiba's consolidated net sales for FY2010 were 6,398.5 billion yen, a year-on-year increase of 107.3 billion yen. This mainly reflects higher sales in the Visual Products and Semiconductor businesses, and was achieved despite a high yen and the impact of the Great East Japan Earthquake. Consolidated operating income rose 115.1 billion yen to 240.3 billion yen on significant improvements in the Semiconductor and LCD businesses, a healthy performance by the Home Appliance segment and continued high profit in the Social Infrastructure segment. All four of our business segments secured profit. The March 11 earthquake had negative impacts of 70.0 billion yen on net sales and 20.0 billion yen on operating income. Overseas sales were 3,546.7 billion yen, a year-on-year increase of 46.8 billion yen, and accounted for 55% of sales.

President and CEO

- Corporate Divisions

Digital Products Segment

- Digital Products and Services Company
- Network and Solution Division
- Storage Products Company
- Toshiba TEC Corporation

Electronic Devices Segment

- Semiconductor Company
- Toshiba Mobile Display Co., Ltd.

Social Infrastructure Segment

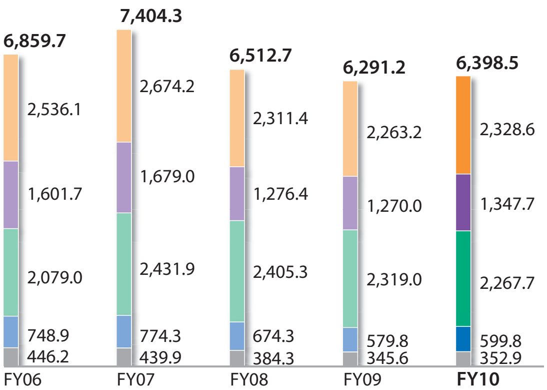
- Power Systems Company
- Social Infrastructure Systems Company
- Toshiba Elevator and Building Systems Corporation
- Toshiba Solutions Corporation
- Toshiba Medical Systems Corporation

Home Appliances Segment

- Toshiba Consumer Electronics Holdings Corporation

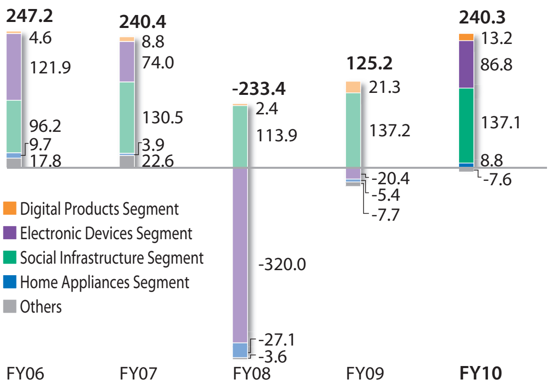
(As of April 1, 2011)

Sales by segment *(Billions of yen)*



Eliminations of sales among segments were -552.2 billion yen in FY2006, -595.0 billion yen in FY2007, -539.0 billion yen in FY2008, -486.4 billion yen in FY2009 and -498.2 billion yen in FY2010.

Operating income (loss) by segment *(Billions of yen)*



Eliminations of operating income (loss) among segments were -3.0 billion yen in FY2006, +0.6 billion yen in FY2007, +1.0 billion yen in FY2008, +0.2 billion yen in FY2009 and +2.0 billion yen in FY2010.

Digital Products Segment: Higher Sales and Lower Operating Income

The Digital Products segment saw sales increase by 65.4 billion yen to 2,328.6 billion yen. The Visual Products business benefited from the approaching end of analog broadcasting in Japan, eco-point (the Japanese government's stimulus program) and higher overseas sales, primarily in Asia's emerging economies. The PC business saw higher sales in Japan and overseas, mainly due to the launch of 25th anniversary models and higher shipments in the U.S. and Asia. The Storage Products business saw lower sales due to price erosion.

Segment operating income declined 8.1 billion yen to 13.2 billion yen. The PC business operating income reflected higher sales and cost reductions and the Retail Information Systems and the Office Equipment businesses reported healthy performances. The Visual Products business maintained profit on higher sales in emerging markets, but at a lower level year on year due to a higher yen and the impact of the March 11 earthquake. The Storage Products business reported a significantly worsened operating loss.

Electronic Devices Segment: Higher Sales and Significant Improvement in Operating Income (Loss)

The Electronic Devices segment saw sales increase by 77.7 billion yen to 1,347.7 billion yen. The Semiconductor business recorded higher sales on higher sales in Memories, reflecting expanded demand for mobile products, such as smartphones, and solid state drives (SSD)–data storage devices based on NAND flash memories–and price stability in NAND Flash memories. The LCD business also reported a healthy performance.

Overall segment operating income (loss) improved significantly by 107.2 billion yen to 86.8 billion yen. Memories recorded a healthy performance, primarily as a result of higher sales and cost reductions, and the LCD business improved on cost reductions and progress in business restructuring.

Social Infrastructure Segment: Lower Sales and Flat Operating Income

The Social Infrastructure segment saw overall sales decline by 51.3 billion yen to 2,267.7 billion yen. The Power Systems and Industrial Systems businesses recorded higher sales thanks to a healthy performance by the Industrial Systems business in overseas markets. However, the Infrastructure Systems business, the IT Solutions business and the Medical Systems business all felt the influences of downturns in market demand and price erosion and reported weak performances.

Segment operating income stood at 137.1 billion yen, close to the same level as a year earlier, and the profit level remained high. The Power Systems and Industrial Systems businesses recorded higher operating income on a healthy performance in the Power Systems business. Both the Infrastructure Systems business and the Medical Systems business saw lower operating income on decreased sales.

Home Appliances Segment: Higher Sales and Improvement in Operating Income (Loss)

The Home Appliances segment saw sales increase by 20.0 billion yen to 599.8 billion yen. White Goods including Air-conditioning reported a healthy performance and a positive result that mainly stemmed from the continued effect of the eco-points program and a hot summer in Japan. Lighting Systems also reported a healthy performance mainly due to increased sales of LED lighting and a recovery in domestic housing and building starts.

The segment as a whole recorded operating income (loss) of 8.8 billion yen, an improvement of 14.2 billion yen against the previous year, mainly on a healthy performance in Air-conditioning in a hot summer in Japan, a solid performance in refrigerators and progress in restructuring, including reorganizing facilities and reshaping businesses.

Digital Products Segment

Sales

2,328.6 billion yen

(+65.4 billion yen, +3% vs. FY2009)

Overall segment sales increased on growth in the visual products business such as for LCD TVs, and PCs.

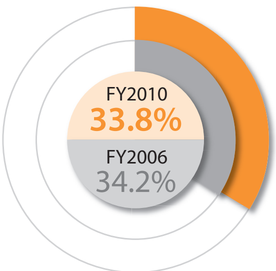
Operating income (loss)

13.2 billion yen

(-8.1 billion yen vs. FY2009)

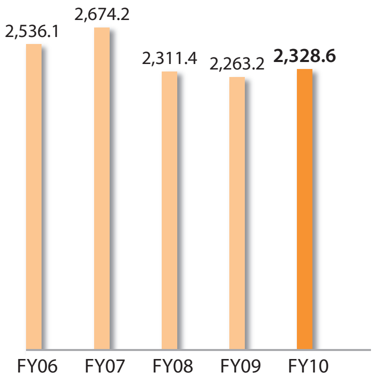
Although PCs and Retail Information Systems improved, market declines in Storage Devices (HDD, ODD) resulted in lower segment operating income.

Percentage of sales

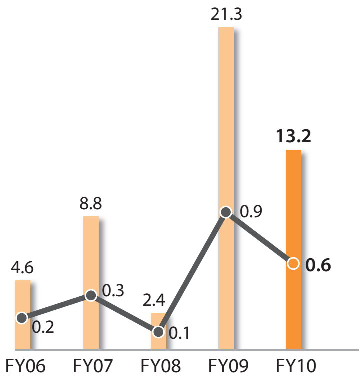


Note: Ratio of net sales total prior to exclusion of inter-segment sales

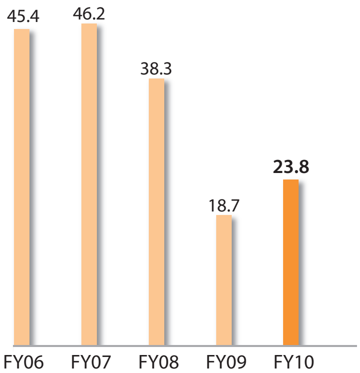
Sales *(Billions of yen)*



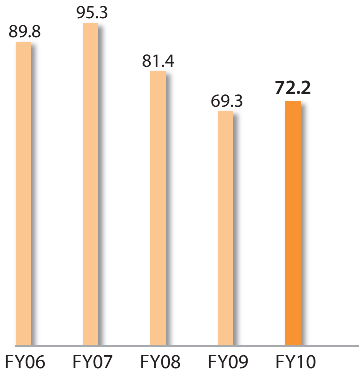
Operating income (loss) *(Billions of yen)*
Operating income ratio *(%)*



Capital expenditures (order basis) *(Billions of yen)*



R&D expenditures *(Billions of yen)*



On April 1, 2011, the Visual Products Company, (main product: LCD TVs), and the Digital Products and Network Company (main product: notebook PCs), combined to form the Digital Products & Services Company.

In the mobile phone business, we merged our operations with those of Fujitsu Ltd. in October 2010. We are now strengthening development capabilities and improving business efficiency.

Visual Products Company (now the Digital Products & Services Co.)

In FY2010 the Visual Products business, particularly LCD TVs, benefited from Japan's transition to terrestrial digital TV broadcasts and the eco-point campaign, and from higher unit sales overseas, notably in Asia's emerging markets. The TV business recorded its seventh consecutive profitable fiscal half.

In Japan, Toshiba LCD TVs retained second place in the market with a 24% share*1, their highest share ever. Globally, including Japan, we recorded sales of 14 million LCD TVs.

We developed 20V and 12V "Glasses-free 3D REGZA" LCD TVs, the world's first consumer-use digital TVs for 3D viewing without special glasses. Prototype 56V and 65V models met very favorable reviews at the January 2011 Computer Electronics Show, the leading U.S. trade show for digital products.

The visual products brand identity was strengthened by bringing digital video recorders and players under the "REGZA" brand of our LCD TVs, and we enhanced the link with our LCD TVs.

Emerging markets hold great promise, and we are responding by refining our operations and products.

We are building flexible, efficient supply systems, a global production system, and enhancing regional sales structures. We have established a production joint venture in Egypt and a sales and marketing joint venture in China.

To meet the special demand of emerging markets we developed the "Power TV Series," including models for regions with irregular power supply and poor reception. Sales have surpassed our original targets.

Going forward, we will draw on our imaging technologies and capabilities in semiconductors and storage to expand a line-up ranging from high added value products to products with distinct characteristics matching local market needs. We will strive to further expand unit sales in the global market, particularly in emerging markets, by utilizing local production facilities and sales networks.

New LCD TV factory in Egypt
As part of our strategy to strengthen the TV business in Africa and the Near and Middle East, where we anticipate demand growth in the LCD TV market, in January we established a new joint venture in Egypt to manufacture LCD TVs with El Araby Co., Egypt's leading domestic manufacturer of home electronic appliances.

Glasses-free 3D REGZA 20GL1 Model
Toshiba launched the world's first*2 LCD TVs that allow 3D images to be viewed with no need for special glasses in December 2010.

*1: Unit share of LCD TVs for 10-inch models and above (data from April 2010 to March 2011), based on research by GfK Japan.
*2: Digital LCD TVs for consumer use. As of October 2010, based on Toshiba research.

Digital Products and Network Company (now the Digital Products and Services Co.)

Since releasing the world's first laptop PC in 1985, we have sold over 100 million notebook PCs around the world.

Growth slowed in the global PC market in FY2010, but we increased unit sales, most notably in the United States, Asia and Japan, and recorded higher net sales. This, plus continuing decreases in costs and raw material prices, secured much improved operating income and a return to profit.

We marked the 25th anniversary of our notebook PC business with innovative models: "dynabook RX3," the world's lightest*1 notebook with a 13.3-inch LCD, and the "libretto W100," which featured dual touch-panel displays. They helped us to win the largest share*2 of the Japanese notebook PC market.

In addition to notebook PCs, where demand continues to grow, we offer products that meet diverse needs and create value, including tablet PCs, glasses-free 3D PCs and all-in-one LCD model PCs.

We are seeking profit in areas beyond hardware by expanding our service business. As part of this, we have started e-book services in the United States (September 2010) and Japan (April 2011).

*1: As of June 2010. Source: Toshiba
*2: Share of retail store sales. Source: GfK Japan

REGZA Tablet
Our tablets embody technological depth and know-how cultivated over many years in the LCD TV and notebook PC businesses.

Storage Products Company

The quality, functionality and reliability of Toshiba hard disk drives (HDD) and optical disk drives (ODD) add significant value to end products.

In FY2010 the global notebook PC market saw growth slow. The arrival of tablet PCs sapped demand for notebook PCs, especially netbooks, and cut into sales of storage products, resulting in lower revenue and profit.

The October 2009 acquisition of Fujitsu Limited's HDD business strengthened our focus on enterprise solutions. By aligning high performance solid state drives (SSD: based on high speed NAND flash memory) with enterprise-focused HDD technology, we have commercialized enterprise SSD that offer higher speed and reliability. We have also commercialized a high capacity 3.5-inch HDD for the enterprise market.

Our strategy of promoting SSD, high capacity 3.5-inch HDDs and high rotation speed 2.5-inch HDDs for enterprise applications assures that we are single handedly able to deliver the comprehensive storage devices essential for layered storage systems for data centers, server farms and the development of cloud computing.

Note: The Storage Products Company and Semiconductor Company were reorganized into a new in-house company, Semiconductor & Storage Products Company, on July 1, 2011.

Storage solutions for the enterprise market
A comprehensive line-up embracing SSD and HDD

Electronic Devices Segment

Sales

1,347.7 billion yen

(+77.7 billion yen, +6%, vs. FY2009)

Despite impacts from yen appreciation, the Memory and LCD businesses were strong on increased demand for mobile products, resulting in improved segment sales.

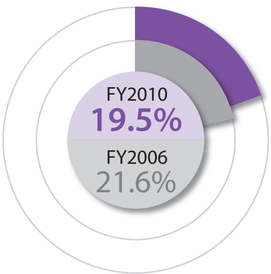
Operating income (loss)

86.8 billion yen

(+107.2 billion yen vs. FY2009)

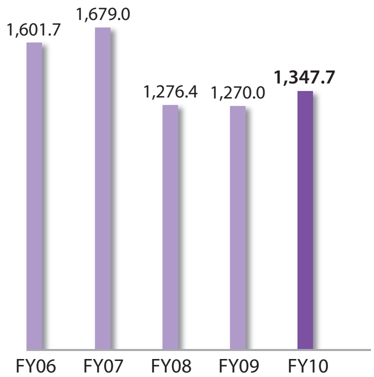
Significant operating income reflected strong performances in Semiconductors and LCDs and positive results from cost cutting.

Percentage of sales

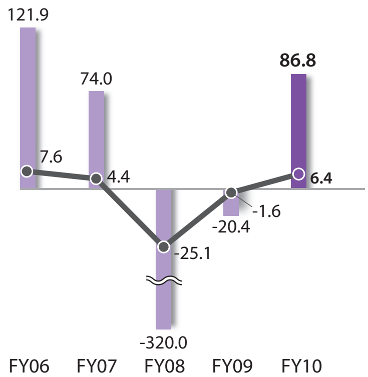


Note: Ratio of net sales total prior to exclusion of inter-segment sales

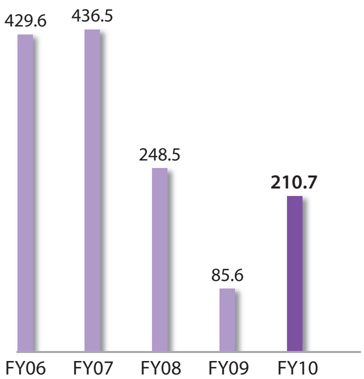
Sales *(Billions of yen)*



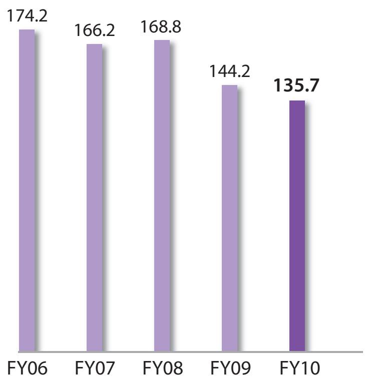
Operating income (loss) *(Billions of yen)*
Operating income ratio *(%)*



Capital expenditures* (order basis) *(Billions of yen)*



R&D expenditures *(Billions of yen)*



*Capital expenditure includes part of the investment made by companies accounted for by the equity method, such as Flash Alliance, Ltd.

Electronic Devices Segment
Semiconductor Company

Our activities cover four key areas: memories, logic LSIs, analog/imaging ICs and discrete semiconductors. Business is driven by strategic growth products: NAND flash memory (memory business) and power devices (discrete business).

In FY2010, the semiconductor market grew over 20% year-on-year, on expanded demand for new mobile devices, such as smartphones and tablet PCs, and high growth in emerging markets.

The memory business overcame a strong yen, and notably higher net sales reflected rising demand for mobile devices and solid state drives (SSD), plus continued price stability in NAND flash memories.

The logic LSI and analog/imaging IC businesses saw lower demand and net sales due to the strong yen and the reaction following the end of economic stimulus packages.

In the discrete business, strong first half demand ebbed in the second half and net sales were slightly higher than last year.

As a result, overall sales increased in FY2010, and this, plus benefits from advances in process migration and cost reductions, produced a significant increase in operating income.

The March 11 earthquake temporarily shut down Iwate Toshiba Electronics Co., Ltd. in northeast Japan. Production resumed on April 18.

The memory business, number two in global market share (April 2011; Source: Toshiba), in August 2010 led the industry in starting mass production of NAND flash memories with 24-nanometer process technology, and in doing so achieved the world's smallest commercialized 64GB memory chip (August 2010; Source: Toshiba). We started to ship embedded NAND flash memories fabricated with the same process technology in April 2011.

In April 2011 we pioneered application of 19nm process technology and started to ship samples.

Anticipating increased demand for high-density products and long-term market expansion, we reinforced NAND flash memory capacity at Yokkaichi Operations with a new wafer production facility, Fab No.5. Construction finished in March 2011.

Designed with earthquake-proof structures and maximum consideration for the environment, Fab 5 features LED lighting, the latest energy saving production equipment, and uses only pumps with inverter control. The target is for 12% less CO_2 emissions than from its predecessor, Fab No. 4.

Yokkaichi Operations has completed construction of its Fab No.5 wafer production facility.
Production started in July 2011.

SSD for mobile notebooks
As considerable market expansion is forecast, we are expanding our SSD line-up.

We doubled production capacity for power devices in FY2010 by investing in the 8-inch production facility at Kaga Toshiba Electronics Co., Ltd. a manufacturing subsidiary.

In December 2010 we reorganized the System LSI Division into the Logic LSI Division, focused on cutting-edge LSI, and the Analog and Imaging IC Division. This reorganization will support quick decision making and efficient use of management resources and improve profit.

The Logic LSI Division continues an asset-lite strategy. In April 2011, we transferred equipment from a manufacturing subsidiary to Sony Semiconductor Kyushu Corp. For cutting-edge products, we now focus on design and development and are expanding the use of foundries.

The Analog and Imaging IC Division will make the most of the existing fabrication facilities. By boosting production efficiency, we will improve profitability.

Moving forward, we will continue to lead in technology development, to develop differentiated products and to focus on maximizing investment efficiency.

Note: The Semiconductor Company and Storage Products Company were reorganized into a new in-house company, Semiconductor & Storage Products Company, on July 1, 2011.

Toshiba Mobile Display Co., Ltd.

We bring the performance and energy-saving advantages of low temperature polysilicon TFT (thin film transistor) technology to small- and medium-sized displays for applications ranging from smartphones and other portable products to car navigation systems and industrial uses.

In FY2010 our markets shifted into an expansionary phase, centered on demand for mobile devices for overseas markets. In this environment, we continued systematic restructuring and in-house reforms focused on cutting fixed costs. Measures included the July 2010 transfer of ownership of Advanced Flat Panel Display Co., a Singapore facility for PC displays, to a Taiwanese company.

Looking to the future, we broke ground for a new LCD production facility in Ishikawa Prefecture in March 2011. This will help us to channel management resources into growth areas, such as displays for mobile devices and vehicles.

The result of these and other factors was that in FY2010 we secured significantly increased sales and brought operating income back into the black. Damage from the March 11 earthquake did temporarily halt production at our plant in Fukaya City, north of Tokyo, but full operations were resumed by the end of April.

Going forward we will continue to strengthen our competitiveness in growth areas, use cost-cutting measures to establish a stable earnings base and direct our leading-edge technical expertise to the development of LCDs for a wide range of equipment.

Development of a glasses-free 21-inch high resolution 3D display
In response to strong demand from the market, we have developed a 21-inch high-resolution 3D display that allows 3D images to be seen and enjoyed anywhere without glasses.

Social Infrastructure Segment

Sales

2,267.7 billion yen

(-51.3 billion yen, -2% vs. FY2009)

The Power Systems and Industrial Systems were solid but slow markets in Social Infrastructure, Solutions and Medical Systems, plus the impact of the earthquake, left year on year largely unchanged.

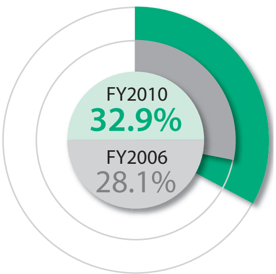
Operating income (loss)

137.1 billion yen

(-0.1 billion yen vs. FY2009)

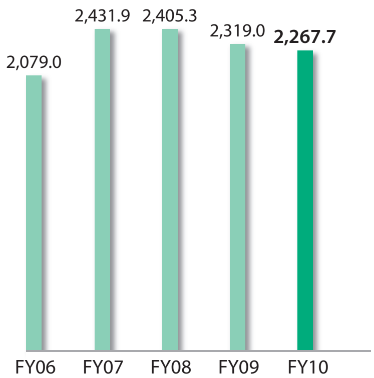
Social Infrastructure and Medical Systems saw lower sales and operating income, but the Power Systems business kept operating income close to last year's, and total profit remained high.

Percentage of sales

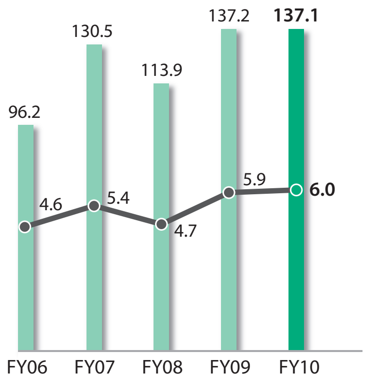


Note: Ratio of net sales total prior to exclusion of inter-segment sales

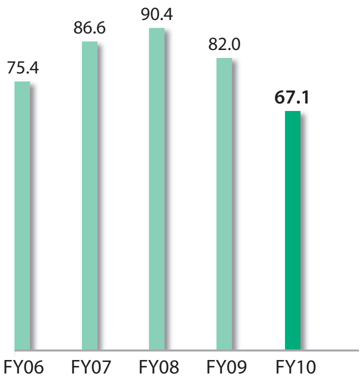
Sales *(Billions of yen)*



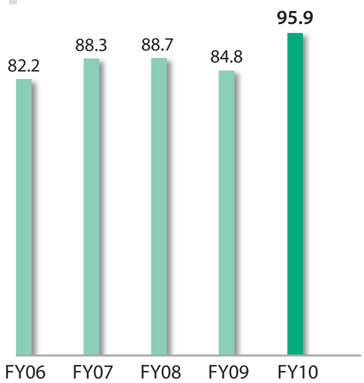
Operating income (loss) *(Billions of yen)*
Operating income ratio *(%)*



Capital expenditures (order basis) *(Billions of yen)*



R&D expenditures *(Billions of yen)*



The ability to propose comprehensive smart community solutions was reinforced by the April 2011 integration of the Transmission, Distribution & Industrial Systems Company, the Social Systems Company and the Automotive Systems Division in the Social Infrastructure Systems Company. The new company's scope includes transmission and distribution (T&D), railway traffic and automotive systems, solar power generation systems, rechargeable batteries, industrial motors, water and environmental systems.

Power Systems Company

Our comprehensive power generation solutions including nuclear, thermal and hydro power and fuel cells, support stable electricity supply. We contribute to worldwide development of power infrastructure through advances in cutting-edge technologies, such as CO_2 capture and highly efficient power generation systems.

In FY2010, a strong yen impacted negatively on overseas projects, but overall sales remained favorable and operating income improved.

In the nuclear power business, the construction of four pressurized water reactor power plants in China made smooth progress, and we entered into a technical development agreement with Fennovoima, a Finnish power company.

Toshiba Group is prioritizing cooperation with the Japanese government and Tokyo Electric Power Co. to stabilize the situation at the Fukushima nuclear power plant. We fully recognize the seriousness of the current situation and are determined to do all we can to contribute to improved safety at nuclear power plants.

Steam turbine generator like that to be installed at Salaya power station in India

Demand for thermal and hydroelectric power is growing in emerging markets. We won an order for two steam turbine generators at the Salaya coal-fired power station in India—a super-critical generation system combines higher efficient with a lower environmental impact. In China we won contracts for two high-capacity generators for Guanyinyang Hydro Power Station and four pumped storage systems for the Qingyuan Pumped Storage Power Station. In the United States, a contract for the major overhaul of hydroelectric power equipment of the Ludington Pumped Storage Plant includes the world's largest hydro turbine*. We also made progress in geothermal power winning a contract for Contact Energy Ltd's Te Mihi geothermal power plant in New Zealand. Going forward we will continue to develop highly efficient, high quality systems. We will use our overseas bases to expand business at the global level, with a focus on emerging markets, such as China, India and Southeast Asia.

*As at February 2011, based on in-house research

Transmission Distribution & Industrial Systems Company (now Social Infrastructure Systems Company)

Our businesses encompasses electricity transmission and distribution (T&D) systems, photovoltaic power generation systems and SCiB™ rechargeable batteries, railway transportation systems and industrial inverters and motors.

Outside Japan, the railway transportation systems business posted higher sales and the industrial systems market headed for recovery. However lower prices on stronger competition in electricity distribution systems brought down overall net sales and operating income fell.

In promoting global expansion, and following our investment in Ansaldo T&D SpA, an Italian engineering company, we expect to make progress in the European and North African markets for T&D and solar power generation systems.

Moves to develop mass transit systems are advancing worldwide. In FY2010 the railway transportation systems business won orders of electrical components for rolling stock, totaling over 1,000 cars in countries as diverse as the United States, Egypt and South Africa. We are seeking to boost global sales of inverters and high efficiency motors, both of which consume less energy and release less CO_2. In Vietnam, newly established Toshiba Industrial Products Asia Co., Ltd. started to manufacture motors in fall 2010.

Right: Subway train cars for the Washington Metropolitan Area Transit Authority (order won for electrical components)

Toshiba Industrial Products Asia Co., Ltd in Vietnam

In Japan, we won orders for photovoltaic power generation systems for four mega solar power plants (seven projects in all). Our market share on a capacity basis to domestic power utilities – due to come on line in FY2011 – reached 36% .

The SCiB™ rechargeable battery was chosen by Honda Motor Co., Ltd. for its commercial electric bikes, and by Shimano Inc. for battery-assisted bicycles. We are advancing joint development of battery systems for electric vehicles with Mitsubishi Motor Corporation and other companies. A new SCiB™ facility, Kashiwazaki Operations (Niigata), started production in February 2011.

Social Infrastructure Systems Company (now Social Infrastructure Systems Company)

We provide systems and services that sustain society. These include systems for buildings, airports, highways and river facilities; water and sewage treatment and environmental systems; broadcast and transmission network systems; radio systems; and security and automated systems.

In FY2010, lower public sector investment and a slow recovery in private sector demand resulted in lower sales and operating income.

In the water solutions business in Japan, we aim to win contracts for the renewal of water and sewage treatment systems and to make progress in the general industrial water treatment business. Overseas, we look for expansion in China, Southeast Asia and the Middle East, primarily in the seawater desalination and water and sewage treatment businesses. Our broadcast systems technology has a reputation for reliability, and we won an order for a digital transmitter to be installed on Tokyo Sky Tree.

Looking to the future, our track record in Japan and our highly trusted systems and services provide foundations for cooperation with overseas business partners and accelerated business development at the global level.

Toshiba Elevator and Building Systems Corporation

Comprehensive capabilities make us a one-stop solution for safe, fully featured elevators and escalators.

Demand for new construction remained slow in Japan in FY2010 but stable demand overseas, particularly in China, allowed us to secure higher net sales. We maintained operating income at almost the same level as in the year earlier period.

In Japan we took proactive steps in the high growth renewal market by introducing products with added safety and anti-earthquake features. Overseas, we focused on China and Southeast Asia. In China, we won an order for 22 elevators and 19 escalators for the Hongqiao Development Zone's "L'Avenue Shanghai" in Shanghai, plus orders for 21 elevators, including high speed elevators for "Shenzhen Kerry Plaza Phase II," in Shenzhen.

Drawing on over 130 years of developing world-class technology standards, we will continue to provide safe, comfortable moving spaces.

An artist's impression of Avenue Shanghai, which we will supply with 22 elevators and 19 escalators. Scheduled for starting operation in January 2012

Toshiba Solutions Corporation

From planning and consultation to application and maintenance, our know-how in IT provides clients in many industries with total solutions to increasingly complex management issues.

In Japan, economic slowdown and stagnant corporate results in FY2010 held back recovery in IT investment in many areas. As the business environment remained severe, measures including cuts in fixed costs allows us to overcome lower net sales and to increase operating profit.

In future, we will provide customers with services, including "cloud integration," that suit their business environments and meet their needs. We will establish a basis for cloud-based business, a market expected to enjoy considerable growth.

Toshiba Medical Systems Corporation

We deliver health care solutions on a global basis, including medical IT systems and diagnostic imaging equipment, such as CT, MRI, ultrasound and X-ray systems.

In FY2010, continued rapid growth in the Chinese market resulted in good sales in CT systems. However, a slowdown in the wider global market and stronger price competition due to the strong yen brought down sales and operating income.

In the United States, we were able to increase orders for X-ray angiography systems and other products. In Japan, we supplied a large-bore CT system for the new treatment room for heavy-ion cancer therapy at the National Institute of Radiological Sciences, which Toshiba Corporation provided with a next generation irradiation system for heavy-ion cancer therapy. The CT secures the pinpoint location determination essential for effective treatment.

In future, we will improve growth by strengthening our presence in emerging markets and new businesses. Our tri-polar research and development structure, based in Japan, the United States and Europe, will support us in contributing to global advances in medicine by providing the high quality, highly reliability medical systems and services.

Next generation irradiation system (right) and large-bore CT (left) in the new treatment room for heavy-ion cancer therapy at the National Institute of Radiological Sciences

Home Appliances Segment

Sales

599.8 billion yen

(+20.0 billion yen +3%, vs. FY2009)

Overall sales improved due to strong sales of White Goods and Room Air-conditioners, driven by the eco-points program and a hot summer in Japan.

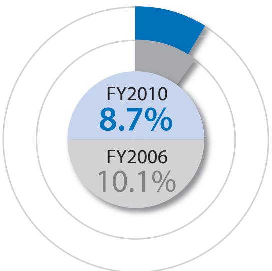
Operating income (loss)

8.8 billion yen

(+14.2 billion yen vs. FY2009)

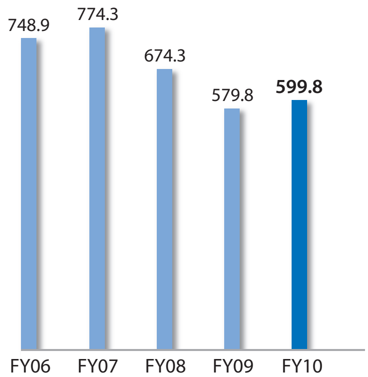
The White Goods, Lighting Systems and Air-conditioning businesses recorded a surplus as a result of increased sales and of restructuring to improve profitability.

Percentage of sales

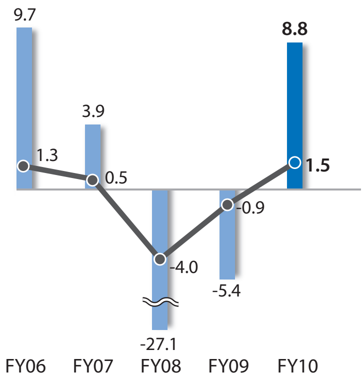


Note: Ratio of net sales total prior to exclusion of inter-segment sales

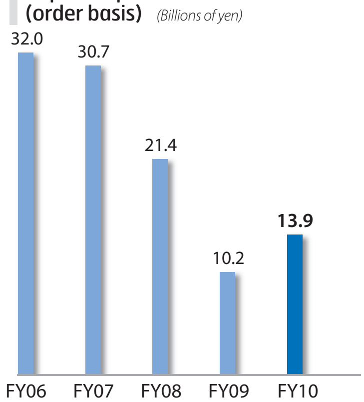
Sales *(Billions of yen)*



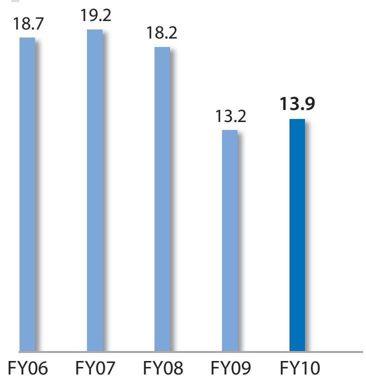
Operating income (loss) *(Billions of yen)*
Operating income ratio *(%)*



Capital expenditures (order basis) *(Billions of yen)*



R&D expenditures *(Billions of yen)*



Toshiba Consumer Electronics Holdings Corporation

Toshiba Consumer Electronics Holdings Corporation oversees group companies in the home appliances business, including white goods, lighting fixtures and air-conditioning.

Our consumer electronics business has supported daily life with the latest technologies for 80 years, since we produced Japan's first electric washing machine in 1930. By developing products in harmony with the environment, we now aim to realize comfortable, environmentally friendly lifestyles.

We continue to restructure for business expansion and improved management efficiency.

White Goods Business

In Japan, the eco-point system, a stimulus program that ran until the end of March 2011, drove demand for large capacity refrigerators and room air-conditioners, and both maintained good sales. Continued development of products meeting customer needs assured we retained leadership in unit sales of washing machines in Japan for the seventh consecutive year (Source: GfK Japan, for record of sales by retail stores).

Overseas, forecasts indicate high growth in Asia. By strengthening local development and marketing capabilities, we will improve our line-up and continue to introduce "local-fit" products, including refrigerators and washing machines.

The VEGETA™ Series GR – D55F refrigerator cuts energy consumption while keeping food fresh for longer.

Lighting Systems Business

In general purpose lighting we are pushing forward with the "E-CORE" series of highly efficient, energy-saving LED lighting. Our expanded LED line-up now includes the Mini-krypton type 5.4W – the world's brightest LED light bulb – straight tube type base lights, home-use ceiling lights, and the Light Engine, developed with Germany's BJB GmbH & Co. KG. Overseas, we will supply LED lighting to France's Louvre Museum under a partnership agreement signed by Toshiba Corporation and the Museum in June 2010, following a positive evaluation of our technology.

In industrial lighting, we ceased production of backlights in Korea, due to progress in commercializing LED backlights for LCD TVs. We will expand this business by developing backlights for automotive, OA equipment and other industrial applications.

Contributing to "Light culture" that brings harmony to people and the environment at the Louvre Museum, which conserves mankind's cultural heritage.

Air-conditioning Business

We now provide air-conditioners and water heating systems based on highly efficient, environmentally friendly heat pump technology.

In October 2010 we launched the "Universal Smart X" air-source heat pump system in the large-size air-conditioner market. This can efficiently deliver both cool and warm air.

Moving ahead, we will expand from home air-conditioning into industrial air-conditioners for data centers and industrial processes and solutions for buildings and facilities. We will also position ourselves as the heat pump solutions company in the transition of heat sources from boilers to heat pumps.

Research & Development and Intellectual Property

The objective of our research and development is the creation of innovative products that meet customer needs.

Current research and development is channeling our technologies to support recovery from the March 11 disaster. Our mid-term target is to fully respond to customer needs, through world first and world No. 1 products and services. Our Corporate Research & Development Center investigates today's transformative technologies as the basis for future innovation. Our business groups and their development centers work on technologies for current and coming products. Under an approach that unifies business, R&D and intellectual property strategies, we are developing and acquiring technologies that accentuate differentiation of our businesses.

Research & Development Activities in FY2010

We are supporting an early recovery from the disaster by strengthening R&D in low power and environmentally friendly technologies: smart grids, carbon dioxide capture, renewable energy—notably geothermal and solar power—LED lighting and high efficiency power devices.

In the mid-term, we will support management by developing technologies that sustain major businesses, including post-NAND memories and even safer nuclear power systems, and by cultivating promising new businesses in areas such as smart communities, health care and rechargeable batteries.

However tough the economic climate, we will continue to strive to become an even stronger global contender. In this sprit, we promote R&D that advances innovation, meets customer needs and creates world first and world No. 1 products and services.

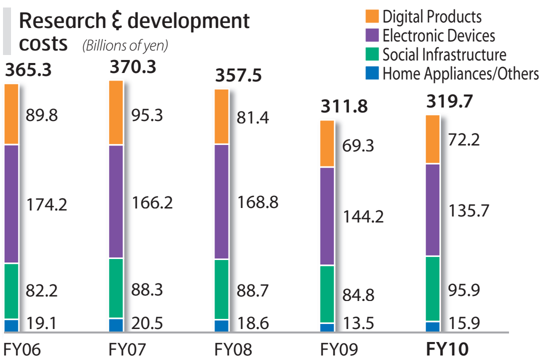
Our business groups and their development centers develop core technologies that secure product innovation and differentiation. We have enhanced efficiency by utilizing common platforms and overseas group companies to develop software and by focusing on growth markets.

Centering on the Corporate Research and Development Center, we have invested in business reinforcement and growth through R&D in technologies for innovative products that meet forthcoming megatrends.

Major Achievements in Research & Development

- Commercialization of the world's first LCD TVs allowing 3D images to be viewed without any need for special 3D glasses.
- Commercialization of the world's first twin-screen touch panel Windows® mini notebook PC, to mark the 25th anniversary of Toshiba's notebook PCs.
- Development of the world's smallest class of NAND flash memory chip with state-of-the-art 24-nanometer process technology
- Development of new high capacity 60Ah SCiB™ rechargeable battery that boosts stored energy density by approximately 1.3 times.
- Development of the ZABOON drum-type washer-dryer machine, which uses newly-developed active suspension to absorb drum vibration. Commercialization of the world's first* drum-style washing and drying machine loaded with a variable magnetic motor.
- Commercialization of an LED light engine that uses a new socket type with an external heat dissipation structure.

* As of September 21, 2010. Practical use of active suspension in a washing machine (Source: Toshiba).



Intellectual Property
Intellectual Property Strategy

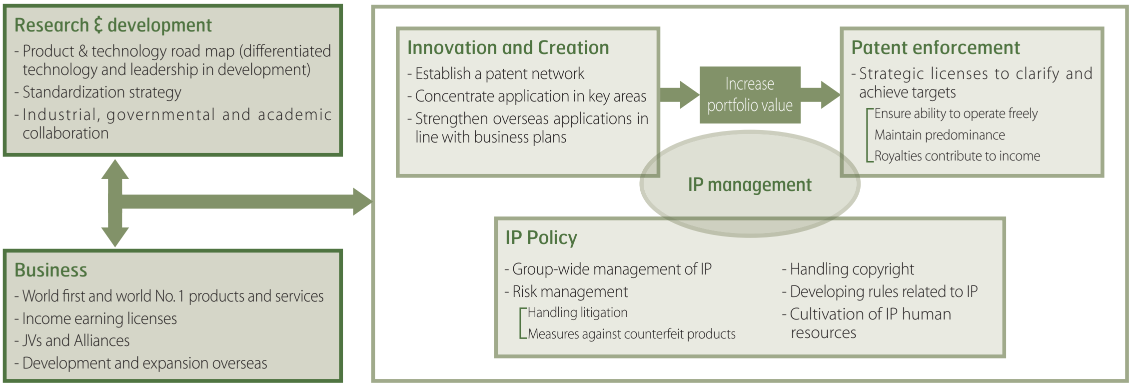
Our intellectual property strategy is unified in a triune with Toshiba's strategies for growth and R&D, and this is the starting point for IP management that seeks to maximize the value of our intellectual property.

We advance innovation and creation through patent applications that support our overall business plan. We are also increasing overseas applications, including those in emerging markets.

In using and managing IP, our business model is based on differentiation and licensing, and targeted on making a larger contribution to increasing operating profit.

Toshiba's breakthroughs win high praise. The Japan Institute of Invention and Innovation recognized our contributions to technology and industry at the 2010 National Commendation for Invention with two major awards.

Toshiba Group's Intellectual Property Strategy



2010 National Commendation for Invention

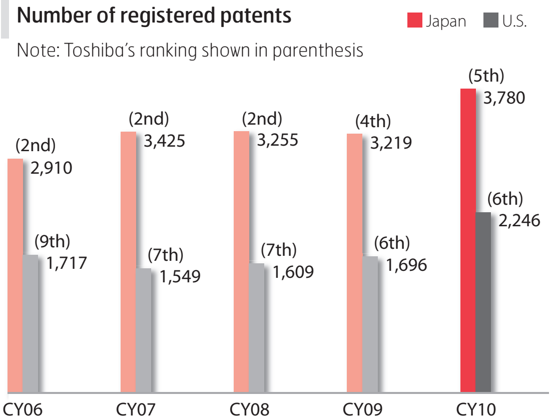
"The 21st century Invention Prize" patent No. 3892808 for "Natural and easily viewable 3D display"

"The Invention Prize" design No. 1325882 for "Computed Tomography X-ray System"*

*Shared with Toshiba Medical Systems Corporation

Number of registered patents

Note: Toshiba's ranking shown in parenthesis



Number of patents registered in Japan (2010)

Ranking	Company name	Number of Japan registered patents
1	Panasonic	5,558
2	Sony	4,768
3	Toyota Motors	3,959
4	Canon	3,902
5	Toshiba	3,780
6	Honda Motors	3,280
7	Denso	3,169
8	Mitsubishi Electric	3,060
9	Seiko Epson	3,014
10	Sharp	2,852

Survey results generated using Patolis

Number of patents registered in United States (2010)

Ranking	Company name	Number of U.S. registered patents
1	IBM	5,896
2	Samsung Electronics	4,551
3	Microsoft	3,094
4	Canon	2,552
5	Panasonic	2,482
6	Toshiba	2,246
7	Sony	2,150
8	Intel	1,653
9	LG Electronics	1,490
10	Hewlett-Packard	1,480

Source: IFI Co. (US) data

CSR Management

Striving for unshakable integrity and meeting the expectations of all of our stakeholders

Toshiba Group positions the promotion of CSR (corporate social responsibility) as a main pillar of management policy and strives to act with unswerving integrity.

Toshiba Group's concept of integrity

1. To meet our responsibilities to society
2. To secure sound management and finances

Promoting CSR management as one of Toshiba Group's management policies

Toshiba Group management policies include "pushing forward with CSR management" in addition to "continuing to accelerate globalization" and "setting ambitious goals for innovation and speeding its pace" in order to "make Toshiba an even stronger global contender." CSR is embedded in management and an integral part of our management policies.

In promoting CSR management in line with global standards, in 2004 Toshiba became a signatory to the United Nations Global Compact, which defines universal principles regarding human rights, labor standards, the environment and anti-corruption.

We also strive to align our CSR practices with ISO 26000, the international guidance on social responsibility issued in 2010.

Pursuing the two meanings of integrity

In advancing CSR management, Toshiba Group strives for unshakable integrity in all we do.

One way of acting with integrity is to meet our responsibilities to society.

In other words, this means addressing global issues, such as energy security and environmental problems through our business activities.

In particular, with regard to environmental challenges, Toshiba has introduced the concept of "three greens" in order to become one of the world's foremost eco-companies, contributing to richer lifestyles in harmony with the Earth. (Please refer to "Environmental Management" on P. 38.)

The second meaning of integrity is to form a stable revenue base and maintain a robust financial footing in order to continue to be trusted by society.

In all business activities, Toshiba Group accords the highest priority to human life, safety and compliance as an operating principle. We make sure that all our employees also share this understanding . In addition to the "Toshiba Group Standards of Conduct," now translated into 15 languages, we carry out comprehensive training in laws and regulations related to anti-trust and protection of personal data.

In cultivating an integrity-oriented corporate culture, we initiated "integrity workplace meetings" in Japan for all our employees in FY2010.

Meeting the expectations of our stakeholders is CSR Management

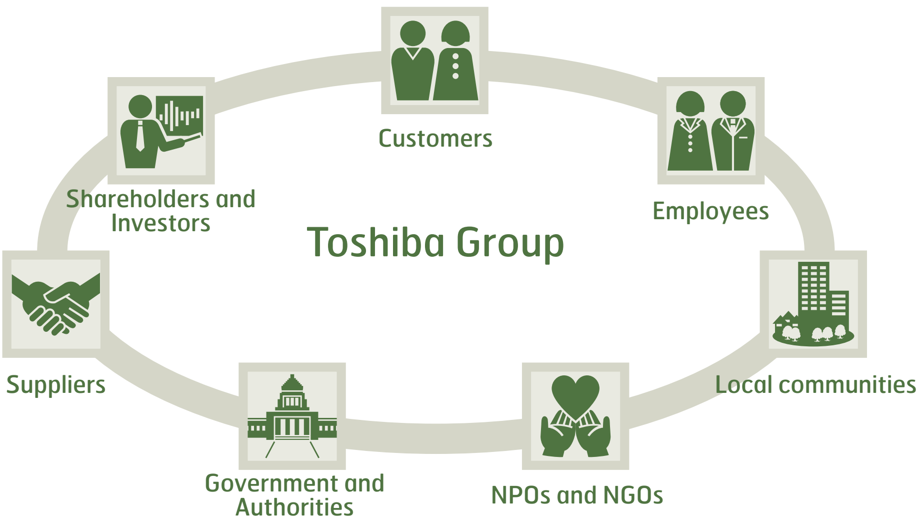
Alongside shareholders and investors, Toshiba Group's stakeholders include our customers, employees and suppliers. We strive to fully understand and respond to their concerns, and toward this we communicate with them in a number of ways.

Toshiba Group's primary responsibilities toward shareholders and investors are to provide timely, appropriate information and a reasonable share of profit. We seek to supply customers with safe, reliable and worthwhile products and services, and provide prompt information in the event of product accidents or other problems.

In this spirit, we are also channeling our strengths into supporting recovery from the Great East Japan Earthquake. (Please refer to P. 14-15.)

We will continue to endeavor to live up to our stakeholder expectations and advance CSR management so as to continue to be a company trusted by society.

Main Toshiba Group Stakeholders



Evaluation of Toshiba's CSR in FY2010

Name	Evaluating body	Evaluation
DJSI (Dow Jones Sustainability Indexes)	SAM (a Swiss SRI company) and Dow Jones Indexes (U.S.)	Selected as one of approximately 300 constituent companies (for 11 years in a row)
Corporate Sustainability Assessment	SAM	SAM Silver Class
Corporate Social Performance Survey	Public Resource Center (Japan)	A (highest rank)
Survey of Corporate Integrity and Transparency	Integrex (Japan)	2nd place
Survey of Japan's Worker-Friendly Companies	Nihon Keizai Shimbun Inc.	2nd place
Quality Management Level Research	Union of Japanese Scientists and Engineers (JUSE) (in cooperation with Nihon Keizai Shimbun Inc.)	4th place
Survey of Environmental Management Level	Nihon Keizai Shimbun Inc.	3rd place

Environmental Management

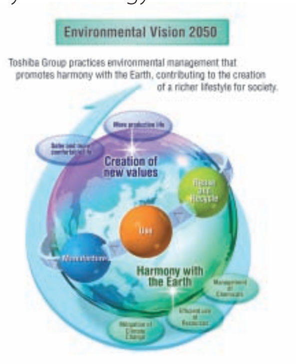
We aim to be one of the world's foremost eco-companies, contributing to the future of a sustainable planet Earth through all of our business activities.

Environmental Management

In order to evolve as one of the world's foremost eco-companies, Toshiba Group's Environmental Vision 2050 aims to realize a world where people can lead affluent lives in harmony with the Earth.

The Group uses an indicator to measure overall environmental efficiency by taking into consideration harmony with the Earth as well as value creation, and aims to increase overall eco-efficiency tenfold by 2050 compared to the 2000 level.

To achieve this goal, we are strategically promoting initiatives aimed at reducing the environmental impact of all our products and business activities, from the perspective of the mitigation of climate change, the efficient use of resources, and the management of chemicals, based on the concept of the three "Greens": Greening of Process, Greening of Products, and Greening by Technology.



Main activities in FY2010

- Strengthen environmental management
  - Conducted assessments of bio-diversity at production sites using the Biodiversity Guidelines
- Creation of environmentally conscious products (ECPs)
  - Expanded ECPs to 70% of net sales
  - Launched 16 excellent ECPs (Products with outstanding environmental performance) *1

- Business processes that consider the environment
  - Energy-derived CO_2 emissions reduced by 48%*2 vs. FY1990, through strategic energy saving measures
  - Water intake reduced by 29% vs. FY2000, by deploying equipment to collect and treat drainage water and moving ahead with water reuse
- Promoting communications on the environment
  - Participated at domestic and overseas exhibitions, including Eco-Products 2010, Eco-Products International Fair 2011 (India), The 20th Toshiba Group Environmental Exhibition and Interactive Fair for Biodiversity

*1: Products certified by Toshiba, on release, as meeting the highest level of environmental design
*2: Manufacturing and non-manufacturing sites worldwide Reduction in real output of primary units, by volume. Rate to net production output

Main evaluations by external parties

Award Title	Awarded to	Organization
7th-Eco Products Awards, Chairperson's Award	Diagnostics Ultrasonic System Aplio™ MX (SSA-780A)	Eco-Products Awards Steering Committee
Eco-Efficiency Award 2010, Eco-Efficiency Award Special Award	Development of long-life, environmental load-reducing rechargeable battery SCiB™	Japan Environmental Management Association for Industry (JEMAI)
59th Nikkei Advertising Awards (Grand Prix)	Advertisement on Toshiba's decision to cease production of incandescent bulbs	Nihon Keizai Shimbun Inc.
The 14th Environmental Communication Awards, Environment Minister's Award for Environmental Reporting of Mitigation Measures for Global Warming	Toshiba Group Environmental Report 2010 (along with the CSR Report 2010, Social Contributions Activities Report 2010 and Annual Report 2010)	Ministry of the Environment (Japan) and others
Green Company, Henan Province	General environmental conservation activities (Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd. (China))	Department of Environmental Protection and Department of Industry and Information Technology (Henan Province)
Good Governance Project 2010	Environmental Community Activities (Toshiba Semiconductor (Thailand) Co., Ltd.)	Ministry of Industry (Thailand)
Philippine Environment Partnership Program (PEPP) Seal of Approval	Environmental conservation activities (Toshiba Information Equipment (Philippines), Inc.)	Department of Environment and Natural Resources (Philippines)
Don Emilio Abello Energy Efficiency Award and Outstanding Energy Manager	Energy-saving activities (Toshiba Storage Device (Philippines) Inc.)	Department of Energy (Philippines)

Disclosure of information through comprehensive reporting

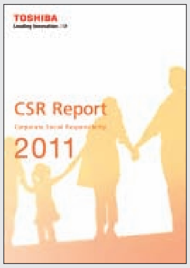
We disclose information through the Annual Report, CSR Report, Environmental Report and Social Contribution Activities Report.

Toshiba Group reports financial information to stakeholders in the Annual Report and non-financial information in the CSR Report.

As we believe we have a duty to supply detailed information on environmental activities, we issue an Environmental Report separately from the CSR Report.

Whatever the nature of the information, we make every effort to provide news and timely updates on our websites.

CSR Report/CSR Website



CSR Report
(Issued in August 2011)

CSR website
http://www.toshiba.co.jp/csr/en/index.htm

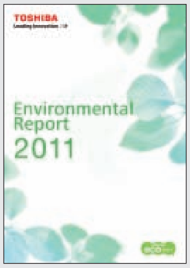
The CSR Report provides information on Toshiba Group's major CSR management activities.

The CSR website provides detailed and timely CSR-related information.

Key reporting items (CSR website)

- Topics
- Philosophy and Policy
- Highlights
- CSR performance
  Organizational Governance, Human Rights, Labor Practices, Environment, Fair Operating Practices, Consumer Issues, Community Involvement and Development
- Engagement
- Other information

Environmental Report/Environmental Management Website



Environmental Report
(Scheduled to be issued in October 2011)

Environmental management website
http://www.toshiba.co.jp/env/en/index.htm
* Website update scheduled to be performed in conjunction with the issuance of the Report

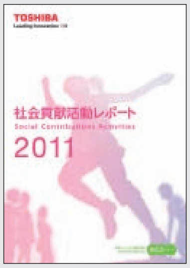
In the Environmental Report, we provide a detailed description of the global environmental management of Toshiba Group as a whole. On the environmental management website, we provide not only information on the Group's environmental activities in a timely manner, but also environmental reports on our business sites and group companies. Furthermore, we have established a special website called "TOSHIBA eco style."

Key reporting items (Environmental management website)

- Topics
- Environmental Vision 2050
- Green Management
- Greening of Process
- Greening of Products
- Greening by Technology

eco style website
ecostyle.toshiba.com

Social Contributions Activities Report/Corporate Citizenship Activities Website



Social Contributions Activities Report
(Scheduled to be issued in December 2011)

Corporate citizenship activities website
http://www.toshiba.co.jp/social/en/index.htm

In the Social Contributions Activities Report, we report on Toshiba Group's global corporate citizenship activities.

On the corporate citizenship activities website, we provide detailed, timely information that is not covered by the Social Contributions Activities Report.

Key reporting items (Corporate citizenship activities website)

- Protection of the Environment
- Scientific and Technical Education
- International Exchanges
- Sports and Culture
- Social Welfare
- Employee Voluntary Activities
- Social Contribution Activities
- Toshiba "ASHITA" Award

Corporate Governance

Toshiba Group promotes corporate governance based on the fundamental policies of enhancing management efficiency, increasing transparency and maximizing corporate value from the shareholders' perspective.

Toshiba's Governance System

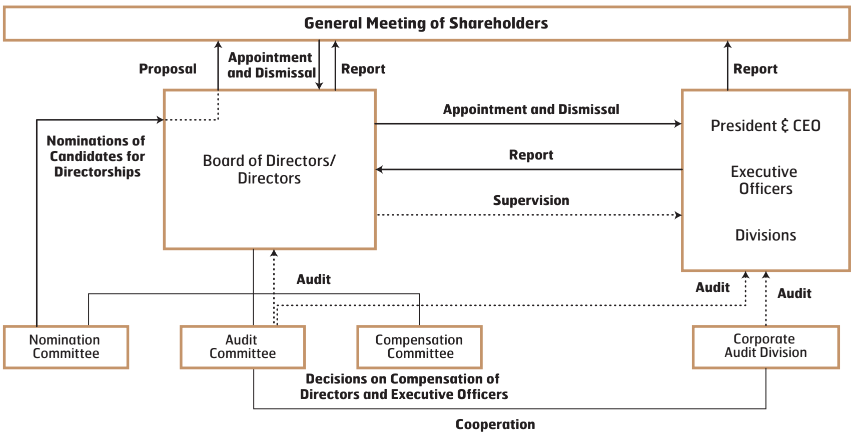
Toshiba's corporate governance follows the fundamental policies of maximizing corporate value from the shareholders' perspective and improving management efficiency and transparency.

Guided by this, we revitalized the Board of Directors and reduced its membership with the 1998 introduction of the executive officer system. Other management initiatives followed. In 2000, we voluntarily established a Nomination Committee and the Compensation Committee. In 2001, we introduced a system of appointing three outside directors and reducing the term of office for directors to one year. And in 2003, following a change in the commercial code, in another move toward reinforcing management efficiency and transparency, we introduced the Company with Committees system, pursuant to a resolution approved by the annual meeting of the shareholders.

As a Company with Committees we separate functions: basic policy making and supervision of management are undertaken by the board of directors and the committees, while executive officers are responsible for business operations. This approach has strengthened management supervision while increasing transparency, and brought greater flexibility to management.

The Nomination Committee makes proposals on appointments and dismissals members of the board that are subject to approval by the meeting of shareholders. The Compensation Committee decides the individual remuneration of executive officers and board members.

Corporate Governance Structure



Perspectives of Outside Directors

Toshiba is expanding globally through business structural reform and promoting its focus on "strategic allocation of business resources."

It is very important for a global corporation such as Toshiba to make its top leaders as visible as possible. I think successive generations of top management have demonstrated leadership and done a good job of sending the Company's message including its ideas and principles to a wide audience in and out of Japan.

To become a truly global company, in addition to its renowned technology and innovation, Toshiba must cultivate human resources capable of operating internationally. People in global HR must be able to work anywhere in the world and have a flexible attitude that allows them to adapt to national environments and cultural characteristics, in the emerging markets, for example.

Time waits for no one, and from top management to the youngest employees, Toshiba's people must quickly polish their international perspective, and strengthen adaptability and ability to communicate. Toshiba must also increase overseas recruitment for both local and global operations.

I will continue to make proposals from my perspective as a former diplomat, and hope that they may be of some use.

Outside Director
Hiroshi Hirabayashi

Today's Toshiba is moving towards true globalization. This raises many issues and is bound to result in some difficulties. How to progress toward globalization is one concern and a challenge that Toshiba now faces in its corporate organization.

A company's corporate organization needs to change as its environmental changes. Timing is important. After having observed the measures being taken by Toshiba, I am convinced that the Company's top management is moving in the right direction and improving the organizational structure.

Globalization will require employees to change their way of thinking. And as business reaches into many parts of the world, it will be important to ensure that the system of governance meets the requirements of a global corporation.

There are times in business when "strategic allocation of resources" can conflict with risk control. The way that those are balanced will be important. I hope to help achieve that balance by offering my opinion.

Outside Director
Takeshi Sasaki

I have served as an outside director for two years now, and my unchanged impression is of an open company with a high level of transparency. That includes the board of directors, which encourages frank expressions of opinions.

I believe that top management has a good understanding of corporate governance and compliance and that they are soundly implemented.

As Toshiba develops globally, all kinds of risks must be considered before they occur, and efforts made to minimize potential risk areas. Risk management must be further enhanced to function globally.

In terms of responding to society's demands, it is not enough to simply observe already established rules. What is needed is to focus on potential future events and to create rules for responding to them. Penetrating this kind of thinking throughout the company will, I think, secure improvement.

I will continue to make proposals from a legal perspective on issues that need attention.

Outside Director
Takeo Kosugi

Furthermore, the Toshiba's Nomination Committee is also responsible for making proposals on the appointment and removal of the president and chief executive officer and the members of the other committees.

The board of directors now has six nonexecutive directors: three outside directors, the chairman of the board, two members of the Audit Committee appointed from in-house.

The three committees—the Nomination Committee, the Audit Committee and the Compensation Committee—all have a majority of outside directors.

The three outside directors who serve on the Audit Committee are supported by the committee's dedicated, full-time staff, and the outside directors on the Nomination Committee and Compensation Committee are also provided with staff support.

As a company with Committees, Toshiba delegates operational decision-making to executive officers. The board plays a supervisory role in respect of operations, retaining the right of final decision only in such matters that might have a considerable impact on shareholder value.

In respect of operations, decisions on key matters are made by the chief executive officer mainly at the corporate management meeting, which meets weekly as a general rule. Other matters are determined by in-house company presidents at individual in-house company management meetings.

Toshiba's Internal Control Systems

Toshiba Group constantly refines its system of internal controls, towards ensuring management effectiveness and efficiency and reliable reporting on operations and finances and to secure high level legal compliance and risk management.

We also ensure that domestic Group companies, regardless of the scale of their operations, establish internal control systems based on those of the parent company.

The following website provides detailed information on the structure of our internal control systems.

http://www.toshiba.co.jp/about/ir/en/policy/governance_system.htm

Risk Management

At Toshiba, throughout our worldwide operations, we strive to ensure compliance with laws and regulations, social and ethical norms, and internal rules. According top priority to human life and safety and to compliance in everything we do underpins our commitment to promoting business activities through fair competition and serving the interests of customers to the best of our ability.

We consider thorough adherence to the Toshiba Group Standards of Conduct (SOC), which embodies the Basic Commitment of the Toshiba Group, to be the foundation of our compliance. Thus we are working toward the SOC becoming an integral part of the entire Toshiba Group. Every year, priority themes regarding compliance are established and promoted in light of business circumstances. By implementing a Plan-Do-Check-Action (PDCA) cycle of self-assessment, not only at each in-house company but also at group companies worldwide, we are stepping up our efforts to ensure compliance.

The Risk Compliance Committee, headed by the CRO*, manages serious risk and compliance issues and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and recurrence.

*Chief Risk Compliance Management Officer

The Status of Internal Audits and Audits by the Audit Committee

The Corporate Audit Division, now staffed by 52 people, reports directly to the president. It is responsible for internal audits from the perspectives of appropriate operational procedures, accountability of results and legal compliance.

The Division holds advance discussions with the Audit Committee on each year's audit policy and plans. It also holds semimonthly liaison meetings with the Audit Committee for pre-audit discussions and to share information on the divisions subject to audit.

The Corporate Audit Division carries out on-site inspections and reports its results to the Audit Committee. However, if it deems it necessary, the Audit Committee has the right to carry out its own on-site inspections.

At the Furthermore, in addition to receiving explanations from independent auditors (CPA) on their audit plans at the beginning of each fiscal year, the Audit Committee can also request reports on the status of audits during the course of each term, and explanations and reports on end-of-year audits, as necessary.

Outside Directors

1) Names and other details.

Name	Reasons for selection	Significant concurrent positions
Hiroshi Hirabayashi	Mr. Hirabayashi currently properly supervises the Company's management based on his rich experience and knowledge as a diplomat, including ambassador in charge of inspection.	Outside director, Mitsui & Co., Ltd.; outside director, Daiichi Sankyo Company, Limited; outside director, NHK Promotions Inc.; president, The Japan-India Association.
Takeshi Sasaki	Mr. Sasaki currently properly supervises the Company's management based on his rich experience and knowledge as a political scientist and University administrator.	Professor in the Department of Political Studies in the Faculty of Law, Gakushuin University; president of the Association For Promoting Fair Elections; outside director of Orix Corp; president of National Land Afforestation Promotion Organization; outside director of East Japan Railway Company, chairman of Labo International Exchange Foundation.
Takeo Kosugi	Mr. Kosugi currently properly supervises the Company's management based on his rich experience and knowledge as a specialist in law.	Partner & attorney-at-law, Matsuo & Kosugi; outside auditor of Nihon Servier Co. Ltd.; outside director of Fujifilm Holdings Corp.; supervisory director of Mori Hills REIT Investment Corp.

All three outside directors are independent directors as provided for in Article 436-2 of the Security Listing Regulations of the Tokyo Stock Exchange, etc.

2) Relationship between the Company and entities at which outside directors hold important concurrent posts

Toshiba has an ongoing business relationship with Fujifilm Group which consists of Fujifilm Holdings Corporation and its subsidiaries, Mitsui & Co., Ltd. and East Japan Railway Company.

In addition, Mitsui & Co., Ltd. holds Toshiba's shares in a trust for its corporate pension plan.

There is no relationship to be disclosed between the Company and other entities at which outside directors concurrently hold important posts.

3) Main activities

In FY2010, the Board of Directors met 13 times, and the Audit Committee 11 times, where the outside directors commented as necessary. The outside directors received explanations about the matters to be resolved at the board meetings from the staff in charge, etc., in advance. They also attended the monthly liaison conferences of executive officers in an effort to communicate and share information with the executive officers. The outside directors who were members of the Audit Committee were supported by the full-time staff of the Audit Committee Office. The outside directors who were members of the Nomination Committee or the Compensation Committee were supported by the staff in charge, etc.

4) Limited liability contracts

The Company has signed a limited liability contract with each of the three outside directors, Messrs. Hiroshi Hirabayashi, Takeshi Sasaki, and Takeo Kosugi, to limit their liabilities as provided in Article 423, Paragraph 1 of the Companies Act to 31.2 million yen or the minimum liability amount stated in Article 425, Paragraph 1 of the Companies Act, whichever is larger.

Name	Attendance record at meetings of Board of Directors and Audit Committee
Hiroshi Hirabayashi	Attended meetings of the Board of Directors 11 times and of the Audit Committee 9 times.
Takeshi Sasaki	Attended meetings of the Board of Directors 13 times.
Takeo Kosugi	Attended meetings of the Board of Directors 13 times and of the Audit Committee 11 times.

Compensation Policy and the Amount of Compensation

1) Compensation policy

The Compensation Committee establishes compensation policy regarding compensation of each director and/or executive officer as follows.

Since the main responsibility of directors is to supervise the execution of the overall Group's business, compensation for directors is determined at an adequate level to secure highly competent personnel and to ensure effective work of the supervisory function.

Since the responsibility of executive officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, compensation for executive officers is divided into fixed compensation and performance-based compensation, and determined at an adequate level to secure highly competent personnel and ensure their compensation package functions as an effective incentive to improve business performance.

(1) Director's compensation

Fixed compensation is paid to directors who do not concurrently hold office as an executive officer, and is based on status as a full-time or part-time director and on the duties performed.

The fixed compensation is paid to directors who concurrently hold office as an executive officer, in addition to the executive officer compensation specified in (2) below.

(2) Executive officer's compensation

Executive officer compensation is comprised of the basic compensation based on executive officer rank (eg. representative executive officer, president and chief executive officer, representative executive officer, corporate senior executive vice president) and the service compensation calculated according to the duties of the executive officer. Some 40-45% of the service compensation will fluctuate from zero (no compensation) to 2 times according to the year-end performance of the Company or of the division for which the executive officer is responsible.

(3) Compensation standards

Compensation standards are determined at suitable levels for a global company, with the aim of securing highly competent management personnel. The compensation standards of other listed companies and payroll and benefits of employees are considered when determining the Company's compensation standards of management.

2) Amounts of compensation for FY2010

Amounts of compensation of directors and executive officers for FY2010 are as follows:

Position	Total Amount (Millions of yen)	Fixed Compensation (Millions of yen)	Performance based Compensation (Millions of yen)	Number of Persons
Directors (excluding outside directors)	222	222	–	10
Outside directors	61	61	–	4
Executive officers	1,208	1,046	163	38

Directors and executive officers whose total compensation exceeded 100 million yen for FY2010

Name	Position	Company	Fixed Compensation (Millions of yen)	Performance Based Compensation (Millions of yen)	Total Amount (Millions of yen)
Atsutoshi Nishida	Director	Toshiba Corporation	116	–	116

Directors and Executive Officers

Directors

Atsutoshi Nishida
Chairman of the Board and Director
Nomination Committee Member
Compensation Committee Member

Norio Sasaki
Director
Compensation Committee Member

Masashi Muromachi
Director

Hidejiro Shimomitsu
Director

Hisao Tanaka
Director

Hideo Kitamura
Director

Executive Officers

Representative Executive Officer
President and Chief Executive Officer
Norio Sasaki

Representative Executive Officers
Corporate Senior Executive Vice Presidents
Masashi Muromachi
Hidejiro Shimomitsu
Hisao Tanaka
Hideo Kitamura

Representative Executive Officer
Corporate Executive Vice President
Makoto Kubo

Executive Officers
Corporate Executive Vice Presidents
Yoshihide Fujii
Shozo Saito
Toshiharu Watanabe
Yasuharu Igarashi
Akira Sudo

Executive Officers
Corporate Senior Vice Presidents
Kazuyoshi Yamamori
Kiyoshi Kobayashi
Toshio Masaki
Masaaki Oosumi
Shoji Yoshioka
Hiroshi Saito
Shigenori Shiga
Masayasu Toyohara

Makoto Kubo
Director

Toshiharu Watanabe
Director

Fumio Muraoka
Director
Chairman of Audit Committee

Hiroshi Horioka
Director
Audit Committee Member

Hiroshi Hirabayashi
Outside Director
Chairman of Compensation Committee
Audit Committee Member

Takeshi Sasaki
Outside Director
Chairman of Nomination Committee
Audit Committee Member
Compensation Committee Member

Takeo Kosugi
Outside Director
Nomination Committee Member
Audit Committee Member
Compensation Committee Member

Executive Officers
Corporate Vice Presidents

Koji Iwama
Masakazu Kakumu
Yasuhiro Shimura
Munehiko Tsuchiya
Masazumi Yoshioka
Hiroshi Igashira
Hironobu Nishikori
Makoto Hideshima
Teruo Kiriyama
Osamu Maekawa
Yasuo Naruke
Shigenori Tokumitsu
Naoki Takenaka
Kiyoshi Okamura
Takeshi Yokota
Fumiaki Ushio

(As of June 22, 2011)

Organization Chart (As of July 1, 2011)

Board of Directors
- Audit Committee
- Compensation Committee
- Nomination Committee

Audit Committee Office

President & Chief Executive Officer

Corporate Audit Div.

Innovation Div.
- •Innovation Promotion Div.

Quality Div.
- •Quality Promotion Office

Corporate Social Responsibility Div.
- •CSR Implementation Office
- •Corporate Government & External Relations Div.

Information & Security Group
- •Information Systems Center
- •Information Security Center

Legal Affairs Group
- •Legal Affairs Div.
- •Corporate Alliances & Legal Div.

Export Control Group
- •Export Control Div.

Human Resources Group
- •Human Resources and Administration Div.
- •Employee Wellness Div.
- •Diversity Development Div.
- •Toshiba General Hospital

Finance & Accounting Group
- •Finance & Accounting Div.
- •Global Financial System Div.

Digital Products Group

Digital Products & Services Company
- •Digital Products & Services Div. 1
- •Digital Products & Services Div. 2
- •Digital Products & Services Div. 3
- •Digital Products & Services Div. 4
- •Ome Complex
- •Fukaya Complex

Network & Solution Control Center

Electronic Devices & Components Group

Semiconductor & Storage Products Company
- •Discrete Semiconductor Div.
  - •Himeji Operations – Semiconductor
  - •Kitakyushu Operations
- •Analog & Imaging IC Div.
  - •Oita Operations
  - •Microelectronics Center
- •Logic LSI Div.
- •Memory Div.
  - •Yokkaichi Operations
- •Storage Products Div.
  - •Ome Operations – Storage Products
- •Center For Semiconductor Research & Development

Strategic Planning & Communications Group

- Corporate Strategic Planning Div.
- Corporate Communications Office

Corporate Representatives
—America, Europe, Asia, China

Procurement & Logistics Group

- Procurement Div.
- Logistics Planning Office

Productivity & Environment Group

- Corporate Productivity Planning Div.
- Corporate Environment Management Div.
- Corporate Manufacturing Engineering Center
- Yokohama Complex
- Himeji Operations

Technology & Intellectual Property Group

- Technology Planning Div.
- Intellectual Property Div.
- Corporate Research & Development Center
- Corporate Software Engineering Center

Marketing Group

- Marketing Planning Div.
  (Overseas Offices)
  - Moscow
  - Johannesburg
  - Baghdad
- Customer Satisfaction Div.
- Corporate Sales & Marketing Div.
- Advertising Div.
- Design Center

New Lighting Systems Div.

Smart Community Div.

Materials & Devices Div.

ODD Div.

Infrastructure Systems Group

Power Systems Company

- Nuclear Energy Systems & Services Div.
  - Isogo Nuclear Engineering Center
- WEC Div.
- Thermal & Hydro Power Systems & Services Div.
- Power and Industrial Systems Research and Development Center
- Keihin Product Operations

Social Infrastructure Systems Company

- Transmission & Distribution Systems Div.
- Railway & Automotive Systems Div.
  - Railway Systems Div.
  - Automotive Systems Div.
  - Motor & Drive Systems Div.
- Automation Products & Facility Solution Div.
- Defense & Electronic Systems Div.
- Environmental Systems Div.
- Fuchu Complex
  - Saku Operations
  - Kashiwazaki Operations
- Hamakawasaki Operations
- Komukai Operations
- Mie Operations

Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

Consolidated Subsidiaries

Domestic

- Harison Toshiba Lighting Corporation
- Iwate Toshiba Electronics Co., Ltd.
- Kaga Toshiba Electronics Corporation
- Nishishiba Electric Co., Ltd.*
- Nuclear Fuel Industries Ltd.
- Toshiba Carrier Corporation
- Toshiba Consumer Electronics Holdings Corporation
- Toshiba Consumer Marketing Corporation
- Toshiba Device Corporation
- Toshiba Elevator and Building Systems Corporation
- Toshiba Home Appliances Corporation
- Toshiba Industrial Products Sales Corporation
- Toshiba Information Equipments Co., Ltd.
- Toshiba Lighting & Technology Corporation
- Toshiba Logistics Corporation
- Toshiba Medical Systems Corporation
- Toshiba Mobile Display Technology Co., Ltd.
- Toshiba Plant Systems & Services Corporation*
- Toshiba Solutions Corporation
- Toshiba Storage Device Corporation
- Toshiba TEC Corporation*
- Toshiba Trading Inc.

200 companies in total including the above 22.
* Company listed on stock market

Overseas

- Chevalier (HK) Ltd.
- Dalian Toshiba Television Co., Ltd.
- Northern Virginia Semiconductor L.L.C.
- TAI Receivables Corporation
- Taiwan Toshiba International Procurement Corporation
- Toshiba America Business Solutions, Inc.
- Toshiba America Capital Corporation
- Toshiba America Electronic Components, Inc.
- Toshiba America Information Systems, Inc.
- Toshiba America Medical Systems, Inc.
- Toshiba America MRI, Inc.
- Toshiba America Nuclear Energy Corporation
- Toshiba America, Inc.
- Toshiba Capital (Asia) Ltd.
- Toshiba Dalian Co., Ltd.
- Toshiba Electronics Asia, Ltd.
- Toshiba Europe GmbH
- Toshiba Information Equipment (Hangzhou) Co., Ltd.
- Toshiba Information Equipment (Philippines), Inc.
- Toshiba Information, Industrial and Power Systems Taiwan Corporation
- Toshiba International Corporation
- Toshiba International Finance (UK) Plc.
- Toshiba International Procurement Hong Kong, Ltd.
- Toshiba Medical Systems Europe B.V.
- Toshiba Nuclear Energy Holdings (UK) Ltd.
- Toshiba Nuclear Energy Holdings (US) Inc.
- Toshiba Samsung Storage Technology Korea Corporation
- Toshiba Singapore Pte., Ltd.
- Toshiba Storage Device (Philippines), Inc.
- Toshiba TEC France Imaging Systems S.A.
- Toshiba Transmission and Distribution Brazil Ltd.
- Toshiba Transmission and Distribution Systems Brazil Ltd.
- TSB Nuclear Energy Investment UK Ltd.
- TSB Nuclear Energy Investment US Inc.
- Westinghouse Electric Company L.L.C.

298 companies in total including the above 35.

Affiliated Companies Accounted for by the Equity Method

Domestic

- Flash Alliance, Ltd.
- Flash Partners, Ltd.
- Ikegami Tsushinki Co., Ltd.*
- NEC Toshiba Space Systems, Ltd.
- NREG Toshiba Building Co., Ltd.
- NuFlare Technology Incorporated*
- Shibaura Mechatronics Corporation*
- Topcon Corporation*
- Toshiba Finance Corporation
- Toshiba Housing Loan Service Corporation
- Toshiba Machine Co., Ltd.*
- Toshiba Medical Finance Co., Ltd.
- Toshiba Mitsubishi-Electric Industrial Systems Corporation

82 companies in total including the above 13.
*Listed company in stock markets

Overseas

- Dalian Toshiba Locomotive Electric Equipment Co., Ltd.
- Energy Asia Holdings, Ltd.
- GD Midea Air-Conditioning Equipment Co., Ltd.
- GD Midea Commercial Air-Conditioning Equipment Co., Ltd.
- GD Midea Group Wuhan Air-Conditioning Equipment Co., Ltd.
- GD Midea Group Wuhu Air-Conditioning Epuipment Co., Ltd.
- Guangdong Meizhi Compressor Ltd.
- Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd.
- Japan Uranium Management Inc.
- Semp Toshiba Amazonas S.A.
- TM GE Automation Systems L.L.C.

120 companies in total including the above 11.

(As of March 31, 2011)

Corporate History

July 1875	Telegraph equipment factory (called Tanaka Seizo-sho from 1882; later Shibaura Engineering Works Co., Ltd.) opened in Tokyo.
Apr. 1890	Hakunetsu-sha & Co., Ltd. (from 1899 Tokyo Electric Company) founded.
June 1904	Shibaura Engineering Works Co., Ltd. established.
Sep. 1939	Shibaura Engineering Works Co., Ltd. merged with Tokyo Electric Company to become Tokyo Shibaura Electric Co., Ltd.
Oct. 1942	Absorbed Shibaura Mazda Industry Co., Ltd. and Nippon Medical Electric Co., Ltd., expanding home appliance line-up.
July 1943	Absorbed Tokyo Electric Co., Ltd. and Toyo Fire Brick Co., Ltd., expanding line-up of communications equipment.
Apr. 1950	Absorbed Toshiba Rolling Stock Co., Ltd., expanding rolling stock products.
Nov. 1955	Absorbed Dengyo-sha Prime Mover Works Ltd.
Nov. 1961	Absorbed Ishikawajima-Shibaura Turbine Co., Ltd, expanding line-up of turbines.
Oct. 1974	Transferred plastic and insulating materials business to Toshiba Chemical Corp. (now KYOCERA Chemical Corp.)
July 1978	English official trade name of the company became "Toshiba Corporation."
Apr. 1984	Japanese official trade name of the company became "Toshiba Corporation."
Dec. 1989	Absorbed Nippon Atomic Industry Group Co., Ltd.
June 1998	Introduced corporate executive officer system.
Apr. 1999	Introduced in-house company system.
July 2001	Changed registered headquarters from Kawasaki City, Kanagawa, to Minato Ward, Tokyo.
Aug.	Announced "01 Action Plan."
Oct. 2002	Trans ferred transmission & distribution system business to TM T&D Corp.
Mar. 2003	Transferred CRT business to MT Picture Display Co., Ltd.
Jun.	Adopted the Company with Committees system.
Oct.	Transferred electric equipment for manufacturing plants business to TMA Electric Corp. (now Toshiba Mitsubishi-Electric Industrial Systems Corp.)
Jan. 2004	Joined the United Nations Global Compact.
Apr. 2005	Acquired T&D business from TM T&D Corp.
Oct. 2006	Acquired Westinghouse Group.
Jan. 2009	Announced "Action Programs to Improve Profitability."
June	Raised funds by public offering for the first time since 1981.
Oct.	Acquired HDD business from Fujitsu Ltd.
Oct. 2010	Merged mobile phone business with that of Fujitsu Ltd. and transferred the business to Fujitsu Toshiba Mobile Communications Ltd.

Basic Commitment of the Toshiba Group

The management principles of Toshiba Group. In order to "show respect for people," "create abundant value" and "contribute to the lives and cultures of the global citizens." Beyond that, to express and sum up these management principles, we have adopted the Group slogan, "Committed to People, Committed to the Future."

Basic Commitment of the Toshiba Group

We, the Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.

Commitment to People

We endeavor to serve the needs of all people, especially our customers, shareholders and employees, by implementing forward-looking corporate strategies while carrying out responsible and responsive business activities. As good corporate citizens, we actively contribute to further the goals of society.

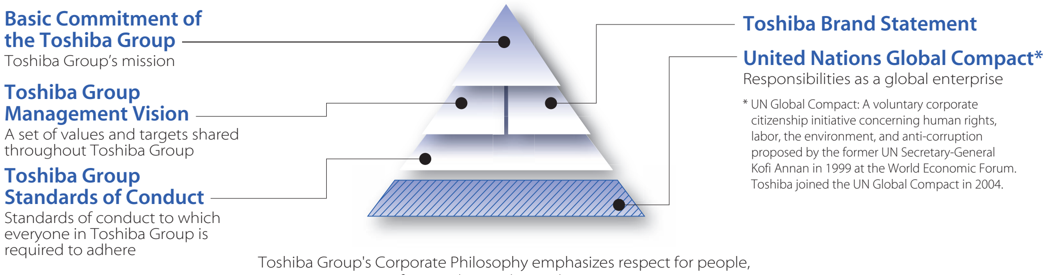
Commitment to the Future

By continually developing innovative technologies centering on the fields of Electronics and Energy, we strive to create products and services that enhance human life, and which lead to a thriving, healthy society. We constantly seek new approaches that help realize the goals of the world community, including ways to improve the global environment.

■ ■ ■

Committed to People,
Committed to the Future. TOSHIBA

Framework of Toshiba Group's Management Philosophy



* UN Global Compact: A voluntary corporate citizenship initiative concerning human rights, labor, the environment, and anti-corruption proposed by the former UN Secretary-General Kofi Annan in 1999 at the World Economic Forum. Toshiba joined the UN Global Compact in 2004.

Toshiba Group's Corporate Philosophy emphasizes respect for people, creation of new value, and contribution to society.
The Group slogan - "Committed to People, Committed to the Future. TOSHIBA." - expresses the essence of our corporate philosophy.
We recognize that it is our corporate social responsibility (CSR) to put our philosophy and slogan into practice in our day-to-day business activities. In doing so, we accord the highest priority to human life and safety and to compliance.

Data Section

Major indices of the Data Section have been compiled chronologically based on the fiscal years. For the details of financial information for the year ended March 31, 2011, please refer to the "Financial Review 2011."

Consolidated Financial Summary

Year ended March 31	2001	2002	2003	2004
Net Sales, Operating Income (Loss) and Net Income (Loss) Attributable to Shareholders of Toshiba Corporation				
Net sales	¥5,746.4	¥5,191.7	¥5,441.5	¥5,389.7
Cost of sales	4,154.5	3,913.9	3,970.2	3,913.7
Selling, general and administrative expenses	1,368.2	1,393.8	1,354.6	1,293.9
Operating income (loss)	223.7	(116.0)	116.7	182.1
Income (loss) from continuing operations, before income taxes and noncontrolling interests	189.7	(370.9)	59.6	147.6
Income taxes	93.0	(113.0)	49.0	105.6
Net income (loss) attributable to shareholders of Toshiba Corporation	96.2	(254.0)	18.5	28.8
EBITDA*1	568.5	(17.3)	341.5	414.1
Profitability Ratios				
Operating income ratio (%)	3.9	(2.2)	2.1	3.4
Return on sales (%)	1.7	(4.9)	0.3	0.5
Cost of sales ratio (%)	72.3	75.4	73.0	72.6
Selling, general and administrative expenses ratio (%)	23.8	26.8	24.9	24.0
Total Assets, Equity Attributable to Shareholders of Toshiba Corporation and Interest-bearing Debt				
Total assets	5,724.6	5,407.8	5,238.9	4,462.2
Equity Attributable to Shareholders of Toshiba Corporation	1,047.9	705.3	571.1	755.0
Interest-bearing debt	1,787.6	1,818.5	1,653.4	1,199.5
Long-term debt	990.3	888.7	882.0	701.9
Short-term debt	797.3	929.8	771.4	497.6
Shareholders' equity ratio (%)*2	18.3	13.0	10.9	16.9
Debt/equity ratio (Times)*3	1.7	2.6	2.9	1.6
R&D, Capital Expenditures and Depreciation				
R&D expenditures	318.7	304.1	306.3	315.6
Capital expenditures (Property, plant and equipment)	267.3	344.7	227.8	224.7
Depreciation (Property, plant and equipment)	306.4	308.9	235.3	221.3
Return Indicators				
Return on investment (ROI) (%)*4	7.3	(4.1)	4.6	8.1
Return on equity (ROE) (%)*5	9.1	(29.0)	2.9	4.3
Return on total assets (ROA) (%)*6	1.7	(4.6)	0.3	0.6
Efficiency Indicators				
Inventory turnover (Times)*7	6.94	6.86	8.23	8.56
Total assets turnover (Times)*8	1.00	0.93	1.02	1.11
Inventory turnover (Days)*9	52.62	53.18	44.37	42.62
Cash Flows				
Net cash provided by (used in) operating activities	453.6	149.2	271.6	322.7
Net cash used in investing activities	(176.7)	(325.6)	(148.0)	(189.5)
Net cash provided by (used in) financing activities	(285.6)	53.5	(159.8)	(132.7)
Effect of exchange rate changes on cash and cash equivalents	31.1	5.8	(7.2)	(8.3)
Net increase (decrease) in cash and cash equivalents	22.4	(117.2)	(43.3)	(7.8)
Cash and cash equivalents at end of year	487.6	370.4	327.1	319.3
Liquidity Indicators				
Debt/cash flow ratio (%)*10	23.22	4.01	16.09	19.47
Interest coverage ratio (Times)*11	5.9	(3.4)	5.4	9.3
Corporate Value				
Free cash flow*12	276.9	(176.4)	123.6	133.2
Market capitalization*13	2,356.3	1,815.5	1,007.6	1,519.4
Other Data				
Number of employees (Consolidated) (Thousands)	188	176	166	161
Number of employees (Non-Consolidated) (Thousands)	53	46	40	32
Ratios of Consolidated to Non-Consolidated Performance (Times) (Net sales)	1.6	1.6	1.6	1.8

- U.S.GAAP was codified by the Financial Accounting Standards Board. Beginning with the fiscal year ended March 31, 2010, the codified standards are described in "Accounting Standards Codification (ASC)."
- ¥48.9 billion, ¥4.8 billion and ¥4.1 billion of "Subsidy received on return of substitutional portion of Employees' Pension Fund Plan, net of settlement loss of ¥188.1 billion in 2004, ¥8.0 billion in 2005, ¥5.0 billion in 2006" are classified as a reduction of selling, general and administrative expenses for the years ended March 31, 2004, 2005 and 2006, respectively.
- Operating income (loss) has been determined under financial reporting practices generally accepted in Japan and is defined as net sales less cost of sales and selling, general and administrative expenses.
- Beginning with the fiscal year ended March 31, 2006, equity in earnings (losses) of affiliates has been included in income (loss) from continuing operations, before income taxes and noncontrolling interests. Prior-period data for the fiscal years ended March 31, 2000 through 2005 has been reclassified to conform with the current classification.
- The Mobile Broadcasting business ceased operation at the end of the fiscal year ended March 31,2009. Prior-period data from the fiscal year ended March 31, 2008 has been reclassified to conform with the current classification.
- Beginning with the fiscal year ended March 31,2010, Toshiba Corporation adopted ASC No.810 "Consolidation." Prior-period data for the fiscal years up to March 31, 2009 has been reclassified to conform with the current classification.
- On June 17, 2010, Toshiba Corporation and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, Toshiba Corporation transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated

(Billions of yen)

2005	2006	2007	2008	2009	2010	**2011**
¥5,647.2	¥6,061.9	¥6,859.7	¥7,404.3	¥6,512.7	¥6,291.2	**¥6,398.5**
4,149.3	4,450.4	5,115.3	5,548.7	5,242.5	4,852.0	**4,897.5**
1,346.1	1,394.0	1,497.2	1,615.2	1,503.6	1,314.0	**1,260.7**
151.8	217.5	247.2	240.4	(233.4)	125.2	**240.3**
112.0	159.7	315.9	258.1	(261.5)	34.4	**195.5**
54.8	82.6	152.5	110.5	61.6	33.5	**40.7**
46.0	78.2	137.4	127.4	(343.6)	(19.7)	**137.8**
372.5	436.8	639.2	676.0	119.6	367.1	**486.6**
2.7	3.6	3.6	3.2	(3.6)	2.0	**3.8**
0.8	1.3	2.0	1.7	(5.3)	(0.3)	**2.2**
73.5	73.4	74.6	74.9	80.5	77.1	**76.5**
23.8	23.0	21.8	21.8	23.1	20.9	**19.7**
4,571.4	4,727.1	5,932.0	5,935.6	5,453.2	5,451.2	**5,379.3**
815.5	1,002.2	1,108.3	1,022.3	447.3	797.4	**868.1**
1,111.4	917.5	1,158.5	1,261.0	1,810.7	1,218.3	**1,081.3**
683.4	611.4	956.2	740.7	776.8	960.9	**769.5**
428.0	306.1	202.3	520.3	1,033.9	257.4	**311.8**
17.8	21.2	18.7	17.2	8.2	14.6	**16.1**
1.4	0.9	1.0	1.2	4.0	1.5	**1.2**
323.0	345.2	365.3	370.3	357.5	311.8	**319.7**
316.8	337.3	373.8	464.5	355.5	209.4	**231.0**
213.7	227.4	258.8	339.4	306.9	252.5	**215.7**
7.3	10.5	10.6	9.2	(8.9)	5.1	**10.4**
5.9	8.6	13.0	12.0	(46.8)	(3.2)	**16.6**
1.0	1.7	2.6	2.1	(6.0)	(0.4)	**2.5**
8.83	9.22	9.36	8.96	8.09	8.10	**7.71**
1.25	1.30	1.29	1.25	1.14	1.15	**1.18**
41.33	39.59	39.01	40.74	45.11	45.08	**47.35**
305.5	501.4	561.5	247.1	(16.0)	451.4	**374.1**
(243.1)	(303.4)	(712.8)	(322.7)	(335.3)	(252.9)	**(214.7)**
(92.3)	(235.3)	154.8	46.6	478.5	(277.9)	**(154.7)**
5.6	13.2	34.9	(31.7)	(32.0)	3.0	**(13.3)**
(24.2)	(24.1)	38.4	(60.7)	95.2	(76.4)	**(8.6)**
295.0	270.9	309.3	248.6	343.8	267.4	**258.8**
24.87	32.77	41.46	41.96	0.40	18.44	**34.57**
7.5	9.4	8.5	6.7	(6.4)	3.7	**7.7**
62.4	198.0	(151.3)	(75.6)	(351.3)	198.5	**159.4**
1,442.1	2,201.8	2,533.4	2,155.9	822.4	2,046.8	**1,724.7**
165	172	191	198	199	204	**203**
31	32	32	33	34	35	**35**
2.0	1.9	1.9	2.0	2.0	1.9	**1.8**

results. Prior-period data relating to the discontinued operations has been reclassified in accordance with ASC No.205-20, "Presentation of Financial Statements - Discontinued Operations."

*1 EBITDA = Income (loss) from continuing operations, before income taxes and noncontrolling interests + Interest + Depreciation

*2 Shareholders' equity ratio (%) = Equity attributable to shareholders of Toshiba Corporation / Total assets × 100

*3 Debt / equity ratio (Times) = Interest-bearing debt / Equity attributable to shareholders of Toshiba Corporation

*4 Return on investment (ROI) (%) = Operating income (loss) / (Average equity attributable to shareholders of Toshiba Corporation + Average equity attributable to noncontrolling interests + Average interest-bearing debt) × 100

*5 Return on equity (ROE) (%) = Net income (loss) attributable to shareholders of Toshiba Corporation / Average equity attributable to shareholders of Toshiba Corporation × 100

*6 Return on total assets (ROA) (%) = Net income (loss) attributable to shareholders of Toshiba Corporation / Average total assets × 100

*7 Inventory turnover (Times) = Net sales / Average inventory

*8 Total assets turnover (Times) = Net sales / Average total assets

*9 Inventory turnover (Days) = 365 / Inventory turnover

*10 Debt / cash flow ratio (%) = (Net income (loss) attributable to shareholders of Toshiba Corporation + Depreciation and amortization) / Average interest-bearing debt × 100

*11 Interest coverage ratio (Times) = (Operating income (loss) + Interest and dividends) / Interest expense

*12 Free cash flow = Net cash provided by operating activities + Net cash used in investing activities

*13 Market capitalization = Common stock price [Year-end / Yen / Close] × Total issued shares

Consolidated Balance Sheets

(Millions of yen)

March 31	2007	2008	2009	2010	**2011**
ASSETS					
Current Assets:					
Cash and cash equivalents	¥ 309,312	¥ 248,649	¥ 343,793	¥ 267,449	**¥ 258,840**
Notes and accounts receivable, trade					
Notes	106,395	80,312	64,260	44,122	**47,311**
Accounts	1,295,808	1,253,108	1,038,396	1,160,389	**1,093,948**
Allowance for doubtful notes and accounts	(30,599)	(21,417)	(19,270)	(20,112)	**(17,079)**
Inventories	801,513	851,452	758,305	795,601	**864,382**
Deferred tax assets	138,714	148,531	141,008	134,950	**161,197**
Prepaid expenses and other current assets	370,064	368,747	394,139	379,207	**391,069**
	2,991,207	2,929,382	2,720,631	2,761,606	**2,799,668**
Long-term Receivables and Investments:					
Long-term receivables	19,329	7,423	3,987	3,337	**2,540**
Investments in and advances to affiliates	240,249	321,166	340,756	366,250	**416,431**
Marketable securities and other investments	250,536	264,149	190,110	253,267	**241,409**
	510,114	592,738	534,853	622,854	**660,380**
Property, Plant and Equipment:					
Land	156,445	128,210	98,116	105,663	**99,834**
Buildings	1,146,350	1,160,549	996,709	1,016,520	**996,409**
Machinery and equipment	2,594,284	2,598,042	2,698,626	2,508,934	**2,330,565**
Construction in progress	104,612	215,937	114,617	97,309	**113,132**
	4,001,691	4,102,738	3,908,068	3,728,426	**3,539,940**
Less—Accumulated depreciation	(2,681,489)	(2,770,560)	(2,818,489)	(2,749,700)	**(2,639,735)**
	1,320,202	1,332,178	1,089,579	978,726	**900,205**
Other Assets:					
Deferred tax assets	211,336	285,757	352,948	355,687	**356,592**
Other	899,103	795,582	755,214	732,300	**662,474**
	1,110,439	1,081,339	1,108,162	1,087,987	**1,019,066**
	¥5,931,962	¥5,935,637	¥5,453,225	¥5,451,173	**¥5,379,319**

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(Millions of yen)

March 31	2007	2008	2009	2010	2011
LIABILITIES AND EQUITY					
Current Liabilities:					
Short-term borrowings	¥ 71,626	¥ 257,831	¥ 747,971	¥ 51,347	**¥ 152,348**
Current portion of long-term debt	130,703	262,422	285,913	206,017	**159,414**
Notes and accounts payable, trade	1,365,231	1,224,259	1,003,864	1,191,885	**1,194,229**
Accounts payable, other and accrued expenses	508,888	516,046	366,219	375,902	**380,360**
Accrued income and other taxes	77,625	89,763	38,418	42,384	**38,197**
Advance payments received	229,635	248,280	268,083	317,044	**271,066**
Other current liabilities	427,583	387,386	357,305	303,866	**302,695**
	2,811,291	2,985,987	3,067,773	2,488,445	**2,498,309**
Long-Term Liabilities:					
Long-term debt	956,156	740,710	776,768	960,938	**769,544**
Accrued pension and severance costs	540,216	634,589	719,396	725,620	**734,309**
Other liabilities	191,263	182,175	130,007	148,548	**197,541**
	1,687,635	1,557,474	1,626,171	1,835,106	**1,701,394**
Equity attributable to shareholders of Toshiba Corporation					
Common stock	274,926	280,126	280,281	439,901	**439,901**
Additional paid-in capital	285,765	290,936	291,137	447,733	**399,552**
Retained earnings	681,795	774,461	395,134	375,376	**551,523**
Accumulated other comprehensive loss	(131,228)	(322,214)	(517,996)	(464,250)	**(521,396)**
Treasury stock, at cost	(2,937)	(1,044)	(1,210)	(1,305)	**(1,461)**
	1,108,321	1,022,265	447,346	797,455	**868,119**
Equity attributable to noncontrolling interests	324,715	369,911	311,935	330,167	**311,497**
Commitments and contingent liabilities					
	¥5,931,962	¥5,935,637	¥5,453,225	¥5,451,173	**¥5,379,319**

(Millions of yen)

March 31	2007	2008	2009	2010	2011
Accumulated Other Comprehensive Loss:					
Unrealized gains on securities	¥ 80,801	¥ 53,461	¥ 21,639	¥ 73,226	**¥ 62,455**
Foreign currency translation adjustments	(21,938)	(117,552)	(222,773)	(231,467)	**(275,108)**
Pension liability adjustment	(190,118)	(256,839)	(314,578)	(303,348)	**(308,681)**
Unrealized gains (losses) on derivative instruments	27	(1,284)	(2,284)	(2,661)	**(62)**

Consolidated Statements of Operations

(Millions of yen)

Year ended March 31	2007	2008	2009	2010	2011
Sales and Other Income:					
Net sales	¥6,859,729	¥7,404,284	¥6,512,656	¥6,291,208	**¥6,398,505**
Interest and dividends	24,162	26,482	19,305	7,965	**8,704**
Equity in earnings of affiliates	39,300	28,023	9,596	22,385	**18,478**
Other income	154,873	212,621	146,778	62,793	**67,811**
	7,078,064	7,671,410	6,688,335	6,384,351	**6,493,498**
Costs and Expenses:					
Cost of sales	5,115,315	5,548,757	5,242,465	4,852,002	**4,897,547**
Selling, general and administrative	1,497,204	1,615,171	1,503,599	1,313,958	**1,260,685**
Interest	31,917	39,778	33,646	35,650	**32,331**
Other expense	117,758	209,648	170,092	148,328	**107,386**
	6,762,194	7,413,354	6,949,802	6,349,938	**6,297,949**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	315,870	258,056	(261,467)	34,413	**195,549**
Income Taxes:					
Current	88,911	102,740	52,308	52,108	**57,517**
Deferred	63,530	7,789	9,254	(18,574)	**(16,797)**
Income (loss) from continuing operations, before noncontrolling interests	163,429	147,527	(323,029)	879	**154,829**
Loss from discontinued operations, before noncontrolling interests	(10,324)	(5,349)	(24,325)	(6,172)	**(8,183)**
Net income (loss) before noncontrolling interests	153,105	142,178	(347,354)	(5,293)	**146,646**
Less: Net income (loss) attributable to noncontrolling interests	15,676	14,765	(3,795)	14,450	**8,801**
Net income (loss) attributable to shareholders of Toshiba Corporation	¥ 137,429	¥ 127,413	¥ (343,559)	¥ (19,743)	**¥ 137,845**

Quarterly Performance Highlights

(Millions of yen)

	1st quarter		2nd quarter		3rd quarter		4th quarter	
Year ended March 31	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Net sales	¥1,313,718	**¥1,451,366**	¥1,582,975	**¥1,629,775**	¥1,563,279	**¥1,588,474**	¥1,831,236	**¥1,728,890**
Operating income (loss)	(34,354)	**33,791**	36,463	**71,022**	14,494	**37,457**	108,645	**98,003**
Net income (loss) attributable to shareholders of Toshiba Corporation	(57,800)	**466**	94	**27,350**	(10,634)	**12,371**	48,597	**97,658**
Basic earnings (loss) per share attributable to shareholders of Toshiba Corporation (¥)	(16.58)	**0.11**	0.02	**6.46**	(2.51)	**2.92**	11.47	**23.06**

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Consolidated Statements of Cash Flows

(Millions of yen)

Year ended March 31	2007	2008	2009	2010	2011
Cash Flows from Operating Activities:					
Net income (loss) before noncontrolling interests	¥153,105	¥142,178	¥(347,354)	¥ (5,293)	**¥146,646**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by (used in) operating activities					
Depreciation and amortization	292,875	380,160	349,764	298,998	**259,604**
Provisions for pension and severance costs, less payments	(22,720)	(19,035)	(13,733)	10,985	**8,611**
Deferred income taxes	56,444	10,635	(7,843)	(22,809)	**(22,771)**
Equity in (earnings) losses of affiliates, net of dividends	(12,579)	(13,340)	1,215	(11,566)	**(6,406)**
(Gain) loss from sales, disposal and impairment of property, plant and equipment, intangible assets and securities, net	(79,416)	(146,369)	(34,587)	32,236	**3,870**
(Increase) decrease in notes and accounts receivable, trade	(51,620)	29,138	186,676	(98,347)	**96**
(Increase) decrease in inventories	(82,926)	(64,688)	60,517	(35,554)	**(100,945)**
Increase (decrease) in notes and accounts payable, trade	220,619	(115,047)	(182,501)	176,443	**59,176**
Increase (decrease) in accrued income and other taxes	23,353	18,283	(51,647)	3,899	**(3,204)**
Increase (decrease) in advance payments received	29,459	47,617	27,018	58,592	**(22,363)**
Other	34,880	(22,404)	(3,536)	43,861	**51,770**
Net cash provided by (used in) operating activities	561,474	247,128	(16,011)	451,445	**374,084**
Cash Flows from Investing Activities:					
Proceeds from sale of property, plant and equipment	112,015	212,064	210,653	36,119	**56,055**
Proceeds from sale of securities	9,586	2,805	4,035	6,931	**5,427**
Acquisition of property, plant and equipment	(376,707)	(407,692)	(477,720)	(215,876)	**(229,229)**
Purchase of securities	(13,508)	(82,898)	(29,609)	(14,316)	**(6,201)**
(Increase) decrease in investments in affiliates	51,044	(41,367)	(43,399)	8,288	**(38,424)**
Other	(495,212)*1	(5,614)	732	(74,068)	**(2,328)**
Net cash used in investing activities	(712,782)	(322,702)	(335,308)	(252,922)	**(214,700)**
Cash Flows from Financing Activities:					
Proceeds from long-term debt	467,717	190,524	337,415	397,181	**159,807**
Repayment of long-term debt	(199,570)	(283,013)	(275,976)	(303,748)	**(406,846)**
Increase (decrease) in short-term borrowings, net	(81,305)	187,321	469,026	(680,346)	**109,895**
Dividends paid	(30,431)	(46,406)	(50,350)	(5,728)	**(17,601)**
Purchase of treasury stock, net	(841)	(1,138)	(345)	(109)	**(159)**
Other	(774)	(715)	(1,318)	314,889 *2	**188**
Net cash provided by (used in) financing activities	154,796	46,573	478,452	(277,861)	**(154,716)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	34,903	(31,662)	(31,989)	2,994	**(13,277)**
Net Increase (Decrease) in Cash and Cash Equivalents	38,391	(60,663)	95,144	(76,344)	**(8,609)**
Cash and Cash Equivalents at Beginning of Year	270,921	309,312	248,649	343,793	**267,449**
Cash and Cash Equivalents at End of Year	¥309,312	¥248,649	¥343,793	¥267,449	**¥258,840**
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the year for—					
Interest	¥ 30,892	¥ 40,356	¥ 35,004	¥ 31,036	**¥ 33,478**
Income taxes	¥ 59,272	¥107,431	¥140,923	¥ 4,487	**¥ 61,342**

*1: Includes the acquisition of Westinghouse Group in the amount of ¥461,338 million.
*2: Includes the proceeds from stock offering of ¥317,541 million.

Industry Segment Performance

(Billions of yen)

Year ended March 31	2007	Change (%)	2008	Change (%)	2009	Change (%)	2010	Change (%)	**2011**	**Change (%)**
Digital Products										
Net sales	¥2,536.1	12.5	¥2,674.2	5.4	¥2,311.4	(13.6)	¥2,263.2	(2.1)	**¥2,328.6**	**(2.9)**
Share of net sales (%)	34.2	—	33.4	—	32.8	—	33.4	—	**33.8**	**—**
Operating income	4.6	—	8.8	90.0	2.4	(73.1)	21.3	798.9	**13.2**	**(38.1)**
Operating income ratio (%)	0.2	—	0.3	—	0.1	—	0.9	—	**0.6**	**—**
Number of employees (Thousands)	46	2.2	49	6.5	48	(2.0)	54	12.6	**52**	**(4.1)**
R&D expenditures	89.8	10.7	95.3	6.1	81.4	(14.5)	69.3	(14.9)	**72.2**	**4.2**
Depreciation	41.0	35.2	36.4	(11.1)	31.0	(15.0)	34.3	10.8	**31.0**	**(9.6)**
Capital expenditures	39.0	(8.6)	36.9	(5.5)	37.5	1.8	21.1	(43.9)	**26.6**	**26.3**
Total assets	1,134.9	13.8	1,183.3	4.3	912.1	(22.9)	1,085.3	19.0	**1,010.7**	**(6.9)**
Electronic Devices										
Net sales	1,601.7	20.6	1,679.0	4.8	1,276.4	(24.0)	1,270.0	(0.5)	**1,347.7**	**6.1**
Share of net sales (%)	21.6	—	21.0	—	18.1	—	18.7	—	**19.5**	**—**
Operating income (loss)	121.9	(3.3)	74.0	(39.3)	(320.0)	—	(20.4)	—	**86.8**	**—**
Operating income ratio (%)	7.6	—	4.4	—	(25.1)	—	(1.6)	—	**6.4**	**—**
Number of employees (Thousands)	35	6.1	35	0.0	35	0.0	32	(9.1)	**29**	**(11.0)**
R&D expenditures	174.2	(0.2)	166.2	(4.6)	168.8	1.6	144.2	(14.6)	**135.7**	**(5.9)**
Depreciation	164.7	14.0	227.2	37.9	206.3	(9.2)	167.9	(18.6)	**134.6**	**(19.8)**
Capital expenditures	269.7	12.6	367.4	36.2	266.9	(27.3)	108.6	(59.3)	**113.1**	**4.1**
Total assets	1,410.1	10.6	1,496.7	6.1	1,394.3	(6.8)	1,286.5	(7.7)	**1,251.9**	**(2.7)**
Social Infrastructure										
Net sales	2,079.0	10.3	2,431.9	17.0	2,405.3	(1.1)	2,319.0	(3.6)	**2,267.7**	**(2.2)**
Share of net sales (%)	28.1	—	30.4	—	34.1	—	34.2	—	**32.9**	**—**
Operating income	96.2	35.6	130.5	35.6	113.9	(12.7)	137.2	20.5	**137.1**	**(0.1)**
Operating income ratio (%)	4.6	—	5.4	—	4.7	—	5.9	—	**6.0**	**—**
Number of employees (Thousands)	67	17.5	70	4.5	74	5.7	78	5.4	**81**	**3.6**
R&D expenditures	82.2	16.0	88.3	7.4	88.7	0.4	84.8	(4.4)	**95.9**	**13.1**
Depreciation	42.0	18.5	60.2	43.3	63.3	5.1	67.4	6.6	**68.6**	**1.7**
Capital expenditures	58.8	33.4	67.7	15.2	105.8	56.3	99.8	(5.7)	**94.4**	**(5.4)**
Total assets	2,396.3	51.1	2,347.8	(2.0)	2,436.4	3.8	2,458.8	0.9	**2,537.3**	**3.2**
Home Appliances										
Net sales	748.9	8.9	774.3	3.4	674.3	(12.9)	579.8	(14.0)	**599.8**	**3.4**
Share of net sales (%)	10.1	—	9.7	—	9.6	—	8.6	—	**8.7**	**—**
Operating income (loss)	9.7	257.0	3.9	(59.6)	(27.1)	—	(5.4)	—	**8.8**	**—**
Operating income ratio (%)	1.3	—	0.5	—	(4.0)	—	(0.9)	—	**1.5**	**—**
Number of employees (Thousands)	27	8.0	28	3.7	27	(3.6)	24	(12.4)	**23**	**(4.9)**
R&D expenditures	18.7	5.5	19.2	2.7	18.2	(5.4)	13.2	(27.4)	**13.9**	**5.4**
Depreciation	18.3	9.9	22.7	24.1	28.7	26.5	19.5	(32.3)	**16.8**	**(13.5)**
Capital expenditures	24.7	(9.8)	20.0	(19.1)	18.5	(7.6)	17.5	(5.3)	**13.9**	**(20.5)**
Total assets	438.8	9.5	439.0	0.0	385.2	(12.2)	362.2	(6.0)	**341.1**	**(5.8)**
Others										
Net sales	446.2	1.5	439.9	(1.4)	384.3	(12.6)	345.6	(10.1)	**352.9**	**2.1**
Share of net sales (%)	6.0	—	5.5	—	5.4	—	5.1	—	**5.1**	**—**
Operating income (loss)	17.8	(21.8)	22.6	27.0	(3.6)	—	(7.7)	—	**(7.6)**	**—**
Operating income ratio (%)	4.0	—	5.1	—	(0.9)	—	(2.2)	—	**(2.2)**	**—**
Number of employees (Thousands)	16	33.3	16	0.0	15	(6.3)	16	6.3	**19**	**17.0**
R&D expenditures	0.4	(66.1)	1.3	270.1	0.4	(70.2)	0.3	(22.5)	**2.0**	**586.2**
Depreciation	25.4	(1.0)	31.6	24.5	18.2	(42.4)	7.9	(56.4)	**7.8**	**(1.7)**
Capital expenditures	16.1	108.5	9.4	(41.5)	22.2	135.0	8.9	(59.9)	**8.1**	**(9.3)**
Total assets	615.5	6.5	532.7	(13.4)	399.0	(25.1)	377.8	(5.3)	**343.1**	**(9.2)**

Long-term Debt

(Millions of yen)

March 31		2010		2011
Loans, principally from banks and insurance companies, due 2010 to 2029 with weighted-average interest rate of 1.34% at March 31, 2010 and due 2011 to 2029 with weighted-average interest rate of 1.52% at March 31, 2011	Secured Unsecured	¥ — ¥ 595,581	Secured Unsecured	**¥ —** **¥ 293,885**
Unsecured yen bonds, due 2010 to 2016 with interest ranging from 1.05% to 2.20% at March 31, 2010 and due 2013 to 2020 with interest ranging from 0.89% to 2.20% at March 31, 2011		240,000		**310,000**
Interest deferrable and early redeemable subordinated bonds: Due 2069 with interest rate of 7.50% at March 31, 2011		180,000		**180,000**
Zero coupon convertible bonds with stock acquisition rights: Due 2011 convertible at ¥542 per share at March 31, 2011		95,010		**95,010**
Euro yen medium-term notes of subsidiaries, due 2011 to 2014 with interest ranging from 1.31% to 1.67% at March 31, 2010 and due 2011 with interest rate of 1.31% at March 31, 2011		992		**502**
Capital lease obligations		55,372		**49,561**
		1,166,955		**928,958**
Less—Portion due within one year		(206,017)		**(159,414)**
		¥ 960,938		**¥ 769,544**

The aggregate annual maturities of long-term debt, excluding those of capital lease obligations, are as follows:

(Millions of yen)

Year ending March 31	2010	2011
2011	¥ 190,085	**¥ —**
2012	207,255	**137,941**
2013	182,072	**182,229**
2014	226,826	**178,884**
2015	34,498	**34,000**
2016 and thereafter	270,847	**—**
2016	—	**81,004**
2017 and thereafter	—	**265,339**
Total	¥1,111,583	**¥879,397**

For more information on corporate bonds and ratings, please visit our IR website at
http://www.toshiba.co.jp/about/ir/en/stock/bond.htm

Stock/Shareholder Information

Common Stock Price Trends

Year ended March 31	2007	2008	2009	2010	2011
Common stock price (Yen, fiscal year)					
High	842	1,185	953	572	**556**
Low	652	649	204	258	**309**
Nikkei average (Yen)	17,287.65	12,525.54	8,109.53	11,089.94	**9,755.10**
Number of shares issued (Millions of shares)	3,219	3,237	3,238	4,238	**4,238**
Market capitalization (Billions of yen)	2,533.4	2,155.9	822.4	2,046.8	**1,724.7**
Earnings per share attributable to shareholders of Toshiba Corporation (Yen)					
—Basic (EPS)	42.76	39.46	(106.18)	(4.93)	**32.55**
—Diluted (EPS)	39.45	36.59	(106.18)	(4.93)	**31.25**
Annual dividends per share (Yen)	11	12	5	0	**5**
Payout ratio (%) (Consolidated)	25.7	30.4	—	—	**15.4**
Number of shareholders	411,723	375,115	462,649	473,230	**459,114**
Price-to-earnings ratio (PER) (Times)	18.41	16.88	—	—	**12.51**
Price-to-cash flows ratio (PCFR) (Times)	5.9	4.2	132.5	6.9	**4.3**
Price-to-book value ratio (PBR) (Times)	2.3	2.1	1.8	2.6	**2.0**

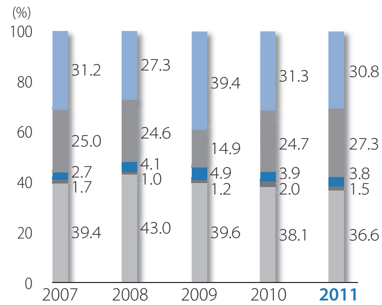
Note: Common stock price is based on the Tokyo Stock Exchange, Inc. market quotation.

Distribution of Shareholders

(Percentage of total voting rights)

March 31	2007	2008	2009	2010*	2011*
Individuals and others in Japan	31.2%	27.3%	39.4%	31.3%	**30.8%**
Overseas investors	25.0	24.6	14.9	24.7	**27.3**
Companies in Japan	2.7	4.1	4.9	3.9	**3.8**
Securities companies in Japan	1.7	1.0	1.2	2.0	**1.5**
Financial institutions in Japan	39.4	43.0	39.6	38.1	**36.6**

* March 2010 and 2011 apply percentage of shareholding ratio by shareholder.



Major Shareholders

(As of March 31, 2011)

	Percentage of shareholding ratio (Rounded to one decimal place)
The Master Trust Bank of Japan, Limited (trust accounts)	5.7%
Japan Trustee Service Bank, Limited (trust accounts)	5.2
The Dai-ichi Life Insurance Company, Limited	2.7
Nippon Life Insurance Company	2.6
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	2.0
Toshiba Stock Purchase Plan	1.9
Japan Trustee Services Bank, Limited (trust accounts 9)	1.7
Japan Trustee Services Bank, Limited (trust accounts 4)	1.5
NIPPONKOA Insurance Company, Limited	1.2
Sumitomo Mitsui Banking Corporation	1.2

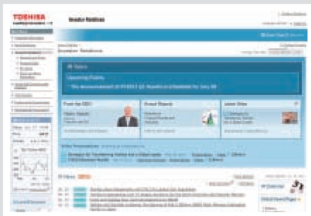
Corporate Data

TOSHIBA CORPORATION

As of March 31, 2011

Headquarters:	1-1, Shibaura 1-chome, Minato-ku, Tokyo, Japan
Founded:	July 1875
Number of Employees:	Approx. 203,000 (consolidated)
Fiscal Year:	April 1 to March 31
Authorized Number of Shares:	10 billion
Number of Shares Issued:	4,237,602,026
Number of Shareholders:	459,114
Stock Exchange Listings:	Tokyo, Osaka, Nagoya, London
ISIN:	JP359 2200004
Ticker Code on the Tokyo Stock Exchange:	6502
Shareholder Registration Agent:	The Chuo Mitsui Trust and Banking Company, Limited
For further information, please contact:	Investor Relations Group Corporate Communications Office Toshiba Corporation 1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan Phone: +81-3-3457-2096 Facsimile: +81-3-5444-9202 E-mail: ir@toshiba.co.jp http://www.toshiba.co.jp/about/ir/index.htm

IR WEBSITE



http://www.toshiba.co.jp/about/ir/index.htm

Toshiba Corporation makes every effort to provide shareholders and investors with reliable information in a timely manner, and toward this we make full and proactive use of the Internet in our IR activities. On our investor relations site we publish a wide range of resources, including news releases, information for shareholders, our statements of accounts, and explanations of our business results, as well as videos and other materials related to business information meetings. The site also supports interactive communication, allowing investors to ask questions and offer opinions that will help us to improve the quality of our IR activities.

● Forward-Looking Statements

This annual report contains forward-looking statements concerning Toshiba's future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on economic, financial and competitive data currently available. Furthermore, they are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Toshiba therefore wishes to caution readers that actual results may differ materially from our expectations.

● Regarding items reported in this Annual Report

Any corrections made to this Annual Report will be published on our website, as referenced above.

● Product names may be trademarks of their respective companies.

Committed to People, Committed to the Future.

TOSHIBA CORPORATION

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Inquiry page on Investor Relations
URL http://www.toshiba.co.jp/about/ir/en/contact.htm

Printing

Waterless Printing
Waterless printing, a printing process that eliminates the use of water, is adopted, taking advantage of the characteristics of printing plates made of ink-shedding material.

Non-VOC Ink
100% vegetable ink containing no volatile organic compounds (VOCs) is used.

Leading Innovation

TOSHIBA CORPORATION
2011
FINANCIAL REVIEW

Annual Report 2011 • Financial Review

Five-year Summary

Toshiba Corporation and Subsidiaries
Years ended March 31

	Millions of yen, except per share amounts				
	2011	2010	2009	2008	2007
Net sales	**¥ 6,398,505**	¥ 6,291,208	¥ 6,512,656	¥ 7,404,284	¥ 6,859,729
Cost of sales	**4,897,547**	4,852,002	5,242,465	5,548,757	5,115,315
Selling, general and administrative expenses	**1,260,685**	1,313,958	1,503,599	1,615,171	1,497,204
Operating income (loss) (Note 1)	**240,273**	125,248	(233,408)	240,356	247,210
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**195,549**	34,413	(261,467)	258,056	315,870
Income taxes	**40,720**	33,534	61,562	110,529	152,441
Net income (loss) attributable to shareholders of the Company	**137,845**	(19,743)	(343,559)	127,413	137,429
Per share of common stock:					
Earnings (loss) attributable to shareholders of the Company (Note 2)					
–Basic	**¥ 32.55**	¥ (4.93)	¥ (106.18)	¥ 39.46	¥ 42.76
–Diluted	**31.25**	(4.93)	(106.18)	36.59	39.45
Cash dividends	**5.00**	—	5.00	12.00	11.00
Total assets	**¥ 5,379,319**	¥ 5,451,173	¥ 5,453,225	¥ 5,935,637	¥ 5,931,962
Equity attributable to shareholders of the Company	**868,119**	797,455	447,346	1,022,265	1,108,321
Capital expenditures (Property, plant and equipment)	**231,001**	209,380	355,516	464,497	373,841
Depreciation (Property, plant and equipment)	**215,699**	252,523	306,895	339,363	258,835
R&D expenditures	**319,693**	311,751	357,520	370,273	365,260
Number of employees	**203,000**	204,000	199,000	198,000	191,000

Notes:
1) Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.
2) Basic earnings (loss) per share attributable to shareholders of the Company (EPS) is computed based on the weighted-average number of shares of common stock outstanding during each period.
Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.
3) On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. Prior-period data relating to the discontinued operations has been reclassified in accordance with Accounting Standards Codification ("ASC") No.205-20, *"Presentation of Financial Statements – Discontinued Operations"*.
4) Beginning with the fiscal year ended March 31, 2010, the Company adopted ASC No.810 *"Consolidation"*. Prior-period data for the fiscal years ended from March 31, 2007 through 2009 has been reclassified to conform with the current classification.
5) The Mobile Broadcasting business ceased operation at the end of the fiscal year ended March 31, 2009. Prior-period data for the fiscal years ended from March 31, 2007 through 2008 has been reclassified to conform with the current classification.

SCOPE OF CONSOLIDATION

As of the end of March 2011, Toshiba Group ("the Group") comprised Toshiba Corporation ("the Company") and 498 consolidated subsidiaries and its principal operations were in the Digital Products, Electronic Devices, Social Infrastructure and Home Appliances business domains.

Of the consolidated subsidiaries, 106 were involved in Digital Products, 39 in Electronic Devices, 221 in Social Infrastructure, 58 in Home Appliances and 74 in Others.

The number of consolidated subsidiaries was 44 less than at the end of March 2010. 202 affiliates were accounted for by the equity method as of the end of March 2011.

RESULTS OF OPERATIONS

NET SALES AND INCOME (LOSS)

Despite uncertainties stemming from fiscal austerity and financial conditions in parts of Europe, the global economy continued to recover, supported by economic stimulus packages in a number of countries. Most notably, the Chinese and other Asian economies continued their expansion, driven by domestic demand. The economies of the United States and Europe also saw gradual recovery. While there are still concerns stemming from the recent rise in crude oil prices and the state of government financial positions in some countries of Europe, the global economy is expected to continue to recover.

In Japan, the economy showed signs of an upturn, reflecting the improvement in the global economy and the effect of economic stimulus packages, but unprecedented human suffering and property damage were wrought by the Great East Japan Earthquake of March 11, 2011. People's lives and economic activities were affected significantly by rolling blackouts due to power shortages, problems in the supply chain resulting from damage to materials manufacturing facilities and disrupted logistics systems, and the outlook still remains uncertain.

In these circumstances, the Group promoted measures to secure a return to the path of sustained growth with steadily higher profit and implemented a thoroughgoing business structure transformation in order to enhance high growth with profitability. The Group also steadily advanced business structure reforms, further promoting strategic allocation of managerial resources and improving operational capabilities, in order to put in place a profit-making system that will enable the Group to generate profit regardless of the market situation. While some subsidiaries halted production for a time following the earthquake, its impact on the overall business performance of the Group companies was relatively limited. With respect to procurement, every effort is being made to secure materials and parts, including promoting adoption of substitutes, to minimize impacts on production.

The Company's consolidated net sales for FY2010 were 6,398.5 billion yen, an increase of 107.3 billion yen against the previous year. This result mainly reflected higher sales in the Visual Products business, including TVs, and in the Semiconductor business, including Memories, and was achieved despite yen appreciation and the impact of the Great East Japan Earthquake. Consolidated operating income increased by 115.1 billon yen to 240.3 billion yen. This result reflected significant improvements in the Semiconductor business and the LCD business, a healthy performance by the Home Appliance segment and the continued high profit level of the Social Infrastructure segment. The Digital Products segment, the Electric Devices segment, the Social Infrastructure segment and the Home Appliance segment all secured profit.

Income from continuing operations before income taxes and noncontrolling interests improved by 161.1 billion yen to 195.5 billion yen, net income (loss) attributable to shareholders of the Company improved by 157.5 billion yen to 137.8 billion yen.

Consolidated operating income and net income (loss) attributable to shareholders of the Company returned to the levels recovered in fiscal year 2007, prior to the financial crisis.

KEY PERFORMANCE INDICATORS

Following are the key performance indicators ("KPIs") that the Management of the Group uses in managing its business.

Net sales and operating income are basic indicators to measure the business results of the Group. Operating income is regularly reviewed to support decision-making in allocations of resources and to assess performance. Operating income ratio (ratio of operating income to net sales) is also KPIs. To assess financial position of the Group, the Management emphasizes shareholders' equity ratio (ratio of equity attributable to shareholders of the Company to total assets) and debt-to-equity ratio. Active capital investment and R&D activity is indispensable for growth of the Group and accordingly capital expenditure and R&D expenditure are KPIs. To measure efficiency of investments and business results, the Management uses ROI (return on investment) and ROE (return on equity), respectively.

Year ended March 31	Billions of yen 2011	2010
Net sales	**6,398.5**	6,291.2
Operating income (Note 1)	**240.3**	125.2
Operating income ratio (%)	**3.8**	2.0
Return on equity (ROE) (%) (Note 2)	**16.6**	(3.2)
Shareholders' equity ratio (%)	**16.1**	14.6
Debt/equity ratio (%)	**125**	153
Capital expenditures (Note 3)	**334.0**	209.9
R&D expenditures	**319.7**	311.8
Return on investment (ROI) (%) (Note 4)	**10.4**	5.1

Notes: 1) Operating income is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.

2) ROE is net income attributable to shareholders of the Company divided by equity attributable to shareholders of the Company.

3) Capital expenditure is on an ordering amount basis. The capital expenditure amount includes the Group's portion in the investments made by Flash Alliance, Ltd. etc., which are companies accounted for by the equity method.

4) ROI is operating income divided by total equity plus total debts.

5) On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. Prior-period data relating to the discontinued operations has been reclassified in accordance with Accounting Standards Codification ("ASC") No.205-20, "*Presentation of Financial Statements – Discontinued Operations*".

The Company's consolidated net sales for FY2010 were 6,398.5 billion yen, an increase of 107.3 billion yen against the previous year. This result mainly reflected higher sales in the Visual Products business, including TVs, and in the Semiconductor business, including Memories, and was achieved despite yen appreciation and the impact of the Great East Japan Earthquake. Consolidated operating income increased by 115.1 billion yen to 240.3 billion yen. This result reflected significant improvements in the Semiconductor business and the LCD business, a healthy performance by the Home Appliance segment and the continued high profit level of the Social Infrastructure segment. The Digital Products segment, the Electric Devices segment, the Social Infrastructure segment and the Home Appliance segment all secured profit. This resulted in an improved operating income ratio and ROE, 3.8% and 16.6%, respectively. Also, ROI increased by 5.3 points to 10.4%.

Equity attributable to the shareholders of the Company, increased to 868.1 billion yen, an increase of 70.7 billion yen against the end of March 2010, despite a deterioration in accumulated other comprehensive loss of 57.1 billion yen, due to impacts from fluctuations in foreign exchange rates and a downturn in stock market prices. This reflects a net income attributable to shareholders of the Company of 137.8 billion yen.

Total debt decreased by 137.0 billion yen from the end of March 2010 to 1,081.3 billion yen. As a result of the foregoing, the shareholders' equity ratio at the end of March 2011 was 16.1%, a 1.5-point improvement from the end of March 2010, and the debt-to-equity ratio at the end of March 2011 was 125%, a 28-point improvement from the end of March 2010.

Placing importance on efficiency of investment, the Group took a very active approach during the term in its capital investment in fields in which growth is expected. As a result, capital expenditure on ordering amount basis amounted to 334.0 billion yen, which was 14.0 billion yen above the initial capital investment plan of 320.0 billion yen. Compared with the 209.9 billion yen invested last year, this amounts to a considerable increase of 124.1 billion yen.

DIVIDEND

While giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, the Company seeks to achieve continuous increases in its actual dividend payments, in line with a payout ratio in the region of 30 percent, on a consolidated basis. The Company has secured a reasonable level of profit in this fiscal year (fiscal year 2010). Accordingly, following full consideration of the Company's future business plans, financial position and shareholders' expectations, the Company has decided to pay both an interim dividend and a year-end dividend. The Company paid 2.0 yen per share as the interim dividend and the year-end dividend has been set at 3.0 yen per share. As a result, the annual dividend for FY2010 will be a 5.0 yen per share.

The Company will carefully examine and decide on the dividend plan for the next term, FY2011, in light of the Group's financial position and strategic investment plans, and other factors will announce the dividend for FY2011 as soon as it is determined.

RESULTS BY INDUSTRY SEGMENT

	Billions of yen			
	Net Sales		Operating Income (loss)	
Year ended March 31	—	Change (%)	—	Change
Digital Products	2,328.6	3%	13.2	(8.1)
Electronic Devices	1,347.7	6%	86.8	107.2
Social Infrastructure	2,267.7	(2%)	137.1	(0.1)
Home Appliances	599.8	3%	8.8	14.2
Others	352.9	2%	(7.6)	0.1
Eliminations	(498.2)	—	2.0	—
Total	6,398.5	2%	240.3	115.1

DIGITAL PRODUCTS

The Digital Products segment saw overall sales increase by 65.4 billion yen to 2,328.6 billion yen. The Visual Products business saw sales rise, reflecting the approaching end of analog broadcasting in Japan, positive results from eco-point-the Japanese government's program to stimulate domestic demand-and higher overseas sales, primarily in emerging countries, including those of Asia. The PC business also saw higher sales in both the domestic and overseas markets, mainly due to higher shipment in the U.S. and Asia and the launch of 25th anniversary models. The Storage Products business saw lower sales, reflecting the impact of price erosion.

Overall segment operating income decreased by 8.1 billion yen to 13.2 billion yen. The PC business recorded higher operating income on higher sales and cost reductions and the Retail Information Systems and the Office Equipment businesses also reported healthy performances. The Visual Products business maintained profit due to higher sales in emerging counties, but at a lower level than in the previous year, due to changes in foreign exchange rates and the impact of the Great East Japan Earthquake. The Storage Products business reported a significantly worsened operating loss on lower sales.

ELECTRONIC DEVICES

The Electronic Devices segment saw sales increase by 77.7 billion yen to 1,347.7 billion yen. The Semiconductor business recorded higher sales on higher sales in Memories, reflecting expanded demand for mobile products, such as smartphones, and solid state drives (SSD)-data storage devices based on NAND flash memories-and price stability in NAND flash memories. The LCD business also reported a healthy performance.

Overall segment operating income (loss) improved significantly by 107.2 billion yen to 86.8 billion yen. Memories recorded a healthy performance, primarily as a result of higher sales and cost reductions, and the LCD business improved on cost reductions and progress in business restructuring.

SOCIAL INFRASTRUCTURE

The Social Infrastructure segment saw overall sales decline by 51.3 billion yen to 2,267.7 billion yen. The Power Systems and Industrial Systems businesses recorded higher sales thanks to a healthy performance by the Industrial Systems business in overseas markets. However, the Infrastructure Systems business, the IT Solutions business and the Medical Systems business all felt the influences of downturns in market demand and price erosion and reported weak performances.

Segment operating income stood at 137.1 billion yen, close to the same level as a year earlier, and the profit level remained high. The Power Systems and Industrial Systems businesses recorded higher operating income on a healthy performance in the Power Systems business. Both the Infrastructure Systems business and the Medical Systems business saw lower operating income on decreased sales.

HOME APPLIANCES

The Home Appliances segment saw sales increase by 20.0 billion yen to 599.8 billion yen. White Goods including Air-conditioners reported a healthy performance and a positive result that mainly stemmed from the continued effect of the eco-points program and a hot summer in Japan. Lighting Systems also reported a healthy performance mainly due to increased sales of LED lighting and a recovery in domestic housing and building starts.

The segment as a whole recorded an operating income of 8.8 billion yen, an improvement of 14.2 billion yen against the previous year, mainly on a healthy performance in Air-conditioners in a hot summer in Japan, a solid performance in refrigerators and progress in restructuring, including reorganizing facilities and reshaping business.

OTHERS

Others saw sales increase by 7.3 billion yen to 352.9 billion yen, with the result that its operating loss improved by 0.1 billion yen to 7.6 billion yen.

The Company's Consolidated Financial Statements are based on U.S. GAAP.

Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.

The Mobile Broadcasting business ceased its operation at the end of FY2008. On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited ("FT MOBILE"), and sold 80.1% of the shares of the new company to Fujitsu. The results of the Mobile Broadcasting business and FT MOBILE are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. The businesses are classified as discontinued in the consolidated accounts in accordance with ASC No.205-20, "*Presentation of Financial Statements – Discontinued Operations*". Consolidated net income (loss) (consolidated net income (loss) attributable to shareholders of the Company), however, includes the operating results of the Mobile Broadcasting business and the Mobile Phone business. Prior-period data relating to the discontinued operations has been reclassified to conform with the current classification.

RESEARCH AND DEVELOPMENT

In response to the Great East Japan Earthquake, the Group has been promoting R&D of the products which contribute to the restoration of the earthquake damage and electricity saving. Also, the Group has re-examined its R&D with a view of constructing safer and more secured communities. In the medium term, the Group plans to accelerate overseas operations, aiming to evolve into a world-leading diversified electric/electronics manufacturer. The Group takes customers' needs in advance and promotes R&D to create the world's first products and services with astonishment and impression.

The Group has Strengthened Competitiveness and implemented investment for further growth:

1) Company-wide staff division for R&D has researched on the technologies which would become a basis of innovative products focusing on Mega-Trends (expected business chances in the field of vital and healthcare service, such as the demands for energy and environment in emerging countries, the demands for medical care and education, and in the field of ICT (Information and Communication Technology) accompanied by world-wide digitalization, networking, and large-volume information transfer);
2) R&D facilities of the in-house companies and other operating companies have focused on developing basic

technologies leading to brand-new products ahead of other competitors; and have enhanced the efficiency of R&D activities by promoting common platforms, using overseas software developing subsidiaries, and focusing on growing markets.

The Group's overall R&D expenditure reached 319.7 billion yen in the fiscal year ended March 31, 2011. Expenditures for each business segment were as follows:

	Billions of yen
Digital Products	72.2
Electronic Devices	135.7
Social Infrastructure	95.9
Home Appliances	13.9
Others	2.0

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE OVERVIEW

Placing importance on efficiency of investment, the Group took a very active approach during the term in its capital investment in fields in which growth is expected. As a result, capital expenditure on an ordering basis amounted to 334.0 billion yen, which was 14.0 billion yen above the initial capital investment plan of 320.0 billion yen. Compared with the 209.9 billion yen invested last fiscal year, this amounts to a considerable increase of 124.1 billion yen.

In the Electronic Devices segment, while the Group continued its focus on investment for NAND flash memories for which increased demand is expected, it also implemented investment to ramp up production of power devices and other investments such as a building for manufacturing medium and small sized LCDs. In the Social Infrastructure segment, the Group invested to improve manufacturing systems for the electric power distribution system businesses of emerging countries and also invested in the automobile related business.

This capital expenditure includes the Group's portion in the investments made by Flash Alliance, Ltd. and other affiliates accounted for by the equity method.

In the Digital Products segment, capital investments amounted to 23.8 billion yen for development and manufacturing for PCs, TVs and HDDs. Major projects completed by the Group in this fiscal year included building of manufacturing facilities for HDDs (located in Philippines and in Thailand).

In the Electronic Devices segment, capital investments amounted to 210.7 billion yen (including the Group's portion for investments made by Flash Alliance, Ltd. etc.) for production increase of NAND flash memories and power devices and building for manufacturing medium and small sized LCDs. Major projects completed by the Group in this fiscal year included Manufacturing facilities for NAND flash memory (at Yokkaichi Operations).

In the Social Infrastructure segment, capital investments amounted to 67.1 billion yen, Major projects completed by the Group in this fiscal year included building and manufacturing facilities for rechargeable batteries (at the Kashiwazaki Operations) and manufacturing facilities for industrial motors (in Vietnam).

In the Home Appliances segment, 13.9 billion yen were invested for development of new models and manufacturing.

Capital expenditures in the Others segment totaled 18.5 billion yen.

In addition, the Company signed a memorandum of understanding with Sony Corporation ("Sony") in December 2010, expressing the intent to dissolve Nagasaki Semiconductor Manufacturing Corporation ("NSM", 60% of the shares held by the Company), a joint venture among the Company, Sony and Sony Computer Entertainment Inc., and to transfer 300mm wafer fabrication lines there from the Company to Sony. The Company, Sony and Sony Semiconductor Kyushu Corporation ("SCK") executed definitive agreements for the transfer from the Company to SCK of certain semiconductor fabrication equipment and other assets (purchase price: 53 billion yen) in February 2011. In accordance with this agreement, the Company transferred the equipment and other assets on April 2011.

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

At the end of this fiscal year ending March 31, 2011, investment for newly-established facilities and upgrades of equipment is planned to be amounted as 375.0 billion yen in FY2011 (based on the value of orders placed and including intangible assets; hereinafter the same).

This figure includes the Group's portion of the investment made by Flash Alliance, Ltd. and Flash Forward, LLC. and others, which are companies accounted for by the equity method. The funds for capital expenditures will be financed by the internal funds.

billions of yen | As of March 31, 2011

Business Segment	Planned Capital Investments for FY2011	Major Contents and Purposes
Digital Products	35.0	Manufacturing facilities for HDDs, etc.
Electronic Devices	165.0	Manufacturing facilities for NAND flash memories, power devices, etc.
Social Infrastructures	100.0	Manufacturing facilities of rechargeable battery and enhancement of Power systems businesses
Home Appliances	15.0	Manufacturing facilities for Home appliances, etc.
Others	60.0	—
Total	375.0	—

Notes: 1) Consumption taxes are not included in these capital investment plans.
2) Retiring material facilities is not planned except for routine renewal of facilities and the transfer of manufacturing facilities for semiconductors used by NSM as written in "CAPITAL EXPENDITURE OVERVIEW".
3) The major planned new facilities and equipment upgrades in FY2011 are as follows:

As of March 31, 2011

Name of Company and Office	Place	Business Segment	Type of Facility	Planned Beginning	Capacity Improvement after Completion of Construction
Flash Forward LLC., and others	Yokkaichi, Mie	Electronic Devices	Manufacturing facilities for semiconductors	May 2011	Enhancement of manufacturing facilities, etc.

FINANCIAL POSITION

Total assets decreased by 71.9 billion yen from the end of March 2010 to 5,379.3 billion yen.

Equity attributable to the shareholders of the Company, increased to 868.1 billion yen, an increase of 70.7 billion yen against the end of March 2010, despite a deterioration in accumulated other comprehensive loss of 57.1 billion yen, due to impacts from fluctuations in foreign exchange rates and a downturn in stock market prices. This reflects a net income attributable to shareholders of the Company of 137.8 billion yen.

Total debt decreased by 137.0 billion yen from the end of March 2010 to 1,081.3 billion yen.

As a result of the foregoing, the shareholders' equity ratio at the end of March 2011 was 16.1%, a 1.5-point improvement from the end of March 2010, and the debt-to-equity ratio at the end of March 2011 was 125%, a 28-point improvement from the end of March 2010.

CASH FLOWS

In the fiscal year under review, net cash provided by operating activities amounted to 374.1 billion yen, a decrease of 77.3 billion yen from net cash provided by operating activities of 451.4 billion yen in the previous fiscal year, due to an decrease of working capital compared with the previous fiscal year despite the improved net income attributable to shareholders of the Company.

Net cash used in investing activities amounted to 214.7 billion yen, a decrease of 38.2 billion yen from 252.9 billion yen in the previous fiscal year.

As a result of the foregoing, free cash flow amounted to 159.4 billion yen, an decrease of 39.1 billion yen from 198.5 billion yen in the previous fiscal year.

Net cash used in financing activities amounted to 154.7 billion yen, a decrease of 123.2 billion yen from 277.9 billion yen of net cash used in financing activities in the previous fiscal year. This was mainly due to a decrease of repayment of borrowings compared with the previous fiscal year.

The effect of exchange rate changes was to decrease cash by 13.3 billion yen. Cash and cash equivalents at the end of the fiscal year declined by 8.6 billion yen, from 267.4 billion yen of the end of the previous fiscal year to 258.8 billion yen.

TREASURY STOCK

Shares held as of the closing date of last period:			2,160,986 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		332,680 (common stock)
		Aggregate amount of acquisition costs:	151 (million yen)
	Demand for purchase of shares by shareholders dissenting from Absorption-type Merger		51,850 (common stock)
		Aggregate amount of acquisition costs:	21 (million yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		25,646 (common stock)
		Aggregate amount of sales value:	11 (million yen)
Shares held as of the closing date of this period:			2,519,870 (common stock)

MAJOR SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2011

Name of Company	Voting Rights Ratio (Percentage)	Location
Toshiba TEC Corporation	53.0	Shinagawa-ku, Tokyo
Toshiba America Information Systems, Inc.	100.0	U.S.
Toshiba Mobile Display Co., Ltd.	100.0	Fukaya
Toshiba Plant Systems & Services Corporation	61.6	Yokohama
Toshiba Elevator and Building Systems Corporation	80.0	Shinagawa-ku, Tokyo
Toshiba Solutions Corporation	100.0	Minato-ku, Tokyo
Toshiba Medical Systems Corporation	100.0	Otawara
Toshiba Nuclear Energy Holdings (US) Inc.	67.0	U.S.
Toshiba Nuclear Energy Holdings (UK) Ltd.	67.0	U.K.
Toshiba Consumer Electronics Holdings Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba Consumer Marketing Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba America, Inc.	100.0	U.S.
Toshiba Capital (Asia) Ltd.	100.0	Singapore
Taiwan Toshiba International Procurement Corporation	100.0	Taiwan

Notes: 1) The Company has 498 consolidated subsidiaries (including the 14 companies above) in accordance with Generally Accepted Accounting Standards in the U.S., and 202 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Ikegami Tsushinki Co., Ltd., Shibaura Mechatronics Corporation, Toshiba Machine Co., Ltd., and Topcon Corporation.

2) Toshiba Nuclear Energy Holdings (US) Inc. substantially owns all of the equity of Westinghouse Electric Company L.L.C.

Main Places of Business and Facilities of the Company

As of March 31, 2011

Segment		Major Distribution
Company-wide	Offices	Principal Office (Minato-ku, Tokyo), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Shutoken Branch Office (Saitama), South-Shutoken Branch Office (Yokohama), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories and others	Corporate Research & Development Center (Kawasaki), Software Engineering Center (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama), Himeji Operations (Himeji)
Digital Products	Laboratories	Core Technology Center (Ome), Digital Products Development Center (Ome)
	Production Facilities	Fukaya Operations (Fukaya), Ome Complex (Ome)
Electronic Devices	Laboratories	Center For Semiconductor Research & Development (Kawasaki)
	Production Facilities	Microelectronics Center (Kawasaki), Yokkaichi Operations (Yokkaichi), Himeji Operations-Semiconductor (Taishi, Hyogo), Kitakyushu Operations (Kitakyushu), Oita Operations (Oita)
Social Infrastructure	Laboratories	Power and Industrial Systems Research and Development Center (Yokohama), Isogo Nuclear Engineering Center (Yokohama)
	Production Facilities	Kashiwazaki Operations (Kashiwazaki), Saku Operations (Saku), Fuchu Complex (Fuchu, Tokyo), Komukai Operations (Kawasaki), Hamakawasaki Operations (Kawasaki), Keihin Product Operations (Yokohama), Mie Operations (Asahi Cho, Mie)

RISK FACTORS RELATING THE GROUP AND ITS BUSINESS

The business areas of energy and electronics, the Group's main business areas, require highly advanced technology for their operation. At the same time, the Group faces fierce global competition. Therefore, appropriate risk management is indispensable. Major risk factors related to the Group recognized by the Company are described below. The actual occurrence of any of those risk factors may adversely affect the Group's operating results and financial condition.

The risks described below are identified by the Group based on information available to the Group as of June 22, 2011 (the date of the filing of the Annual Securities Report) and involve inherent uncertainties, and, therefore, the actual results may differ. The Group recognizes these risks and makes every effort to avoid the occurrence of these risks and minimize any impact from them when they occur, by maintaining the proper risk management.

1. Risks related to management policy

(1) Strategic concentrated investment

The Group makes strategic, concentrated investments in the expansion of hybrid products and services in the areas of NAND flash memories, smart communities, power electronics and EVs, recyclable energy, healthcare and digital products, with the aim of accelerating the growth in focused business areas and establishing a new business base to generate profits. The Group is also promoting selective allocations of resources with respect to such areas as System LSIs. While it is essential to allocate limited management resources to high growth areas or areas in which the Group enjoys competitiveness, in order to secure and maintain the Group's advantages, the areas in which the Group makes concentrated investments may not grow as anticipated, the Group may not maintain or strengthen its competitive power in such areas, or the relevant investments may not fully generate the anticipated level of profit. In order to avoid such risks, the Group is conscious of capital costs and of the need to conduct careful selection of investment items and to enhance progress management. Alongside these efforts, the Group also aims to achieve growth through allocation of strategic resources and to reinforce its financial base, by means of thorough implementation of comprehensive management of all relevant investments that reflect the nature of each individual business. Further to this, the Group also makes every effort to utilize external resources through strategic business alliances where necessary.

(2) Success of strategic business alliances and acquisitions

The Group actively promotes business alliances with other companies, including the formation of joint ventures and acquisitions, in order to grow new businesses in research and development, production, marketing and various other areas. If the Group has any disagreement with its partner in a business alliance or an acquisition in respect of financing, technological management, product development, management strategies or otherwise, such business alliance may be terminated or such acquisition may not have the expected effects. In addition, the Group's operating results and financial condition may be adversely affected by additional capital expenditures and provision of guaranties to meet the obligations for such partnership business that may be incurred due to the deterioration of the financial condition of the partner, as well as for other reasons. Based on these assumptions, the Group pays careful attention to optimizing business formation to secure correspondence to the nature of the relevant business.

(3) Business structure reformation

The Group as a whole is taking measures to reform its business structure, mainly focusing on strategic allocation of resources in its businesses in order to convert its structure into one that enables the Group to generate profit regardless of the market situation. In connection with these measures, there is a possibility that the Group will incur expenses for business structure reform. Although there is a possibility that the Group's operating results or financial condition may be affected in the event of the failure of such program to produce the expected results, the Group, including its management, has continuously followed-up on the progress of such programs, and, as a result, the number of businesses subject to such programs has been steadily decreased.

(4) Measure for defense against hostile takeover

The Company has introduced a plan outlining countermeasures that may be taken against any large-scale acquisitions of the Company's shares (the "Takeover Defense Measures"). If an entity making a large-scale acquisition of the Company's shares does not comply with the procedures under the Takeover Defense Measures, the Company will counteract by making a *gratis* allotment of stock acquisition rights (*shinkabu yoyakuken*) under the Takeover Defense Measures. Although such Takeover Defense Measures were introduced for the purpose of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, they may limit the opportunities for the shareholders of the Company to sell their shares to hostile acquirers.

2. Risks related to financial condition, results of operations and cash flow

(1) Business environment of the Digital Products business

The market for the Digital Products business is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. Additionally, this business may be heavily affected by economic fluctuations and consumer spending trends, and decreases in demand may cause declines in product prices. On the other hand, in times of rapid increases in demand, the Group's profit may be reduced due to the need to purchase costly parts and components, and a shortage of these parts and components may hinder the Group's ability to supply products to the market in a timely manner. The Group makes every effort to implement this business, monitoring the latest trends in market demands in order to flexibly meet changes in supply and demand conditions and to thoroughly control production, procurement, sales and inventory (PSI). At the same time, the Group makes every effort to avoid risks and reduce costs in connection with the procurement of parts and components by promoting package procurement and comprehensive procurement on a Group-wide basis. The Group also makes every effort to minimize any impact from changes in the market by undertaking regional strategies for the promotion of business expansion and similar purposes in developing nations, including China, where its growth rate remains comparatively high in a fast changing market, and by appropriately revising the composition of products, such as introducing commoditized products streamlined for the required functionality and having strong cost competitiveness. However, any rapid fluctuation in demand may result in price erosion or increases in prices of components, which may adversely affect the Group's financial results with respect to this business.

In storage products business, merger and acquisition transactions among competitors are ongoing, and, thus, the business environment has been changing. The Group, however, aims in the future to strengthen its storage products business that integrated HDD, SSD, and NAND flash memories, to be consolidated with semiconductor businesses, utilizing the strength of having high-spec SSD and high-capacity HDD.

(2) Business environment of the Electronic Devices business

The market for the Electronic Devices business is highly cyclical, depending on demand, and intensely competitive, with many companies, mainly in overseas markets, manufacturing and selling products similar to those offered by the Group. The results of this business tend to change with economic fluctuations and, in particular, to be heavily affected by exchange rate fluctuations. Although the performance of the semiconductor business was strong and positive for FY2010, unforeseen market changes and corresponding changes in demand at the time of production may result in a mismatch between the production of particular products based on the sales volume initially expected and the actual demand for such products, or cause the business to be adversely affected by a decrease in product unit prices due to oversupply. In particular, the price for NAND flash memories, the Group's major product in this business, may undergo rapid change, while such price had been stable during FY2010, and System LSIs and other semiconductor products also face uncertain future market trends, in spite of gradual recovery in the consumer market for digital products that use semiconductors. The movement of the consumer market may influence demand for semiconductors. Fluctuations in the results of this business may materially affect the Group's overall business performance. In addition, the market may face a downturn, the Group may fail to market new products in a timely manner, or a rapid introduction of new technology may make the Group's current products obsolete. Economies of scale with respect to the manufacture of the many products produced by this business are significant and there is intense competition to develop and market new products. Therefore, significant levels of capital expenditures are required to maintain and improve competitiveness in both the price and quality of products.

The Group makes every effort to implement the business by focusing its attention on these factors and promoting strategic allocation of resources. At the same time, the Group makes every effort to increase profits by enhancing cost competitiveness, which is to be achieved by maintaining a technological advantage, and expanding the product line-up.

Additionally, the Group undertakes rigorous selection in its investments and makes every effort to carefully monitor the latest market trends and to make capital investments in a timely manner, while thoroughly controlling flexible production that corresponds to fluctuations in market demand, adjustment of supplies and investment management. The Group promotes procurement of components from overseas in US dollars in order to mitigate the impact of exchange rate fluctuations.

In response to the severe business environment in the System LSI business, the Group accelerates the Fabless policy by transfer of semiconductor manufacturing facilities which were used by Nagasaki Semiconductor Manufacturing Inc. and aims to improve its profitability through the expansion of manufacturing outsourcing. Also the Group has reorganized the System LSI business by dividing it into (i) the Logic LSI Business Department, which focuses on high-end System on Chip (SoC), and (ii) the Analog-Imaging IC Department, which focuses on general purpose discrete semiconductors.

In addition, Toshiba Mobile Display Co., Ltd. ("Toshiba Mobile Display"), which engages in the LCD business, remains in a situation in which its liabilities exceed its assets, and operates in a tight business environment in which it must deal with shifting exchange rates and price declines. The Group has been implementing business structure reformation programs, with a primary emphasis on LCD displays for mobile equipment that requires leading-edge technologies, and Toshiba Mobile Display achieved operating income and recorded net income in FY2010.

(3) Business environment of the Social Infrastructure business

A significant portion of net sales in the Social Infrastructure business is attributable to national and local government expenditures on public works and to capital expenditures by the private sector. The Group monitors trends in such capital expenditures in conducting its business and also makes best efforts to cultivate new business and customers. However, reductions and delays in spending on public works, low levels of private capital expenditures due to economic recession, and exchange rate fluctuations may have a negative impact on this business.

Furthermore, this business involves the supply of products and services for large-scale projects on a worldwide basis. Post-order changes in the specifications or other terms, delays, appreciation of material costs, changes to and stoppages of plans for various reasons, including policy changes, natural and other disasters and other factors, may adversely and substantially affect the progress of such projects. In addition, when the percentage of completion method is applied to revenue recognition for long term construction contracts, the Group may reassess profits previously recorded as accrued and record them as a loss, in the event that the expected profits from such projects do not meet original expectations or projects are delayed or cancelled for some reason. Furthermore, it may not be possible to pass on to the customer or others any additional costs incurred due to delays in the work process, and such costs may not be collected. In order to deal with such cases, the Group makes every effort to grasp trends in markets and projects and to ensure thorough risk management before and after accepting orders. In addition, whenever possible, the Group makes every effort to appropriately avoid risk by making agreements with customers for advance payment or performance payments, as well as other agreements on supplemental payments in the event of changes in specifications and delays in work. Although difficulties may arise for the continuance of certain currently ongoing projects due to a change in the policies of fund providers and other factors, the Group is making every effort to obtain other fund providers for such pending projects.

With respect to the nuclear power business, since the incident that occurred at the Fukushima Nuclear Power Plant, there is a possibility that, to some extent, the project plans and orders obtained by the Group may be reconsidered. With respect to the existing power plants, we will implement emergency safety measures for the purpose of resuming operations and respond with permanent improvements in accordance with safety standards to be revised based on the analysis of the incident above. Further, the Group plans to develop a next-generation nuclear power reactor with higher safety standards. With respect to the new construction of power plants, it is necessary to incorporate revised future safety standards, and the Group will determine its future development while confirming the status of customers in various countries and regions.

(4) Business environment of the Home Appliances business

The Home Appliances business faces intense competition from many companies manufacturing and selling products similar to those offered by the Group. In addition, the results of this business tend to be strongly affected by consumer spending, the emergence of new technologies and price declines in existing products for industrial light sources, and trends in building and housing construction starts relative to the lighting and air-conditioning businesses. Accordingly, the impact of the recession and price declines in recent years may lead to a deterioration in the results of this business. Given this, the Group is making every effort to expand this business by developing it at the global level, including in developing nations that have a high growth rate, as well as developing new products that are environmentally friendly and that contribute to energy saving, such as new lighting systems.

(5) The Great East Japan Earthquake

The impact of the Great East Japan Earthquake on the manufacturing operations of the Group has been limited in scope, as the manufacturing operations at certain sites, including Iwate Toshiba Electronics Co., Ltd. and Toshiba Mobile Display, have already resumed their operations, although they were temporarily suspended upon the occurrence of the said earthquake. The future impact of the Great East Japan Earthquake on the economy is not clear, and the businesses of the Group may be affected due to change in domestic demands. In addition, the shortage of electric power supply and the damage to suppliers may affect the manufacturing operations of the Group.

On the other hand, the Group plans to contribute to the recovery from the said disaster through its businesses. Regarding the power shortage, the Group expects to cooperate with the efforts to reduce power consumption by reallocating working days and office hours and establishing in-house power generation, as well as examining measures to supply electric power through the introduction of co-generation systems, as necessary. At the same time, the Group has strived to minimize the impact of component shortages on its manufacturing operations, exerting all possible measures to secure component supplies by, among other things, collecting information on inventories, such as distributors' inventories, raw materials and semi-finished goods, reallocating manufacturing operations at certain sites, including the sites of business partners, and implementing emergency procurement processes for alternative goods.

(6) Financial covenants

Loan agreements entered into between the Company and several financial institutions provide for financial covenants. Therefore, if the Company's consolidated net assets, consolidated operating income or credit rating falls below the respective levels provided for in the financial covenants, the Company's obligations with respect to relevant loan repayments may be accelerated upon demand by the relevant lending financial institutions. Furthermore, any breach by the Company of such financial covenants may trigger acceleration of the bonds or other borrowings of the Company.

The Company aims to improve business performance by promoting, among other things, restructuring programs and business structure conversions, while making all possible efforts to obtain the the lending financial institutions' understanding of this, in order to avoid breaching financial covenants and consequent acceleration of repayments. However, if any acceleration of the Company's loan repayments occurs, it may materially affect the Company's business operations.

(7) Financial risk

Apart from being affected by the business operations of the Company or the Group, the Company's consolidated and non-consolidated results and financial condition may be affected by the following major financial factors:

(i) Deferred tax assets

The Company accounted for a substantial amount of deferred tax assets. The Group reduces deferred tax assets by a valuation allowance if, based on the weight of available evidence, some portion or all of the deferred tax assets are unlikely to be realized. Recording of valuation allowances includes estimates and therefore involves inherent uncertainty.

The Group may also be required hereafter to record further valuation allowances, and the Group's future results and financial condition may be adversely affected thereby.

The Group may be affected by future tax regulatory changes as the recordation of deferred tax assets and valuation allowances have been made based on the currently-effective tax regulations.

(ii) Exchange rate fluctuations

The Group conducts business in various regions worldwide using a variety of foreign currencies and is therefore exposed to exchange rate fluctuations. Foreign currency denominated assets and liabilities held by the Group are translated into yen as the currency for reporting consolidated financial results. The effects of currency translation adjustments are included in "accumulated other comprehensive income (loss)" reported as a component of equity attributable to shareholders of the Company ("shareholders' equity"). As a result, the Group's shareholders' equity may be affected by exchange rate fluctuations.

(iii) Accrued pension and severance costs

The Group recognizes the funded status (i.e., the difference between the fair value of plan assets and the benefit obligations) of its pension plan in the consolidated balance sheets, with a corresponding adjustment, net of tax, included in "accumulated other comprehensive loss" reported as a component of shareholders' equity. Such adjustment to "accumulated other comprehensive loss" represents the result of adjustment for the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligations. These amounts will be subsequently recognized as net periodic pension and severance costs calculated pursuant to the applicable accounting standards. The funded status of the Group's pension plan may deteriorate due to declines in the fair value of plan assets caused by lower returns, increases of severance benefit obligations caused by changes in the discount rate, salary increase rates or other actuarial assumptions. As a result, the Group's shareholders' equity may be adversely affected, and the net periodic pension and severance costs to be recorded in "cost of sales" or "selling, general and administrative expenses" may increase.

(iv) Impairment of long-lived assets and goodwill
If there is an indication of impairment for a long-lived asset and the carrying amount of such asset will not be recovered by the future undiscounted cash flow, the carrying amount may be reduced to its fair value and a loss may be recognized as an impairment with respect to such difference. A substantial amount of goodwill has been recorded in the Company's consolidated balance sheets in accordance with U.S. generally accepted accounting principles. Goodwill is required to be tested for impairment annually. If an impairment test shows that the total of the carrying amounts, including goodwill, in relation to the business related to such goodwill exceeds its fair value, the relevant goodwill must be recalculated, and the difference between the current amount and the recalculated amount will be recognized as an impairment. Therefore, additional impairments may be recorded, depending on the valuation of long-lived assets and the estimate of future cash flow from business related to goodwill.

(8) Changes in financing environment and others

The Group has substantial amounts of interest-bearing debt for financing that is highly susceptible to market environments, including interest rate movements and fund supply and demand. Thus, changes in these factors may have an adverse effect on the Group's funding activities. The Group has also been raising funds by issuing bonds or taking loans from financial institutions. There can be no assurance that the Group will obtain refinancing loans or new loans in the future on similar terms. If the Group is unable to obtain loans for the amount needed by the Group in a timely manner, the Group's financing may be adversely affected.

3. Risks related to business partners and others

(1) Procurement of components and materials

It is important for the Group's business activities to procure materials, components and other goods in a timely and appropriate manner. However, such materials, components and goods may only be obtainable from a limited number of suppliers due to the particularity of such materials, components and goods, and, therefore, such suppliers may not be easily replaced [if the need to do so arises]. In cases of delay or other problems in receiving supply of such materials, components and other goods, shortages may occur or procurement costs may rise. It is necessary to procure materials, components and other goods at competitive costs and to optimize the entire supply chain, including suppliers, in order for the Group to bring competitive products to market. Any failure by the Group to procure such materials, components and other goods from key suppliers may impact the Group's competitiveness. Furthermore, any case of defective materials, components or other goods, or any failure to meet required specifications with respect to such materials, components or other goods, may also have an adverse effect on the reliability and reputation of the Group and Toshiba brand products.

In order to deal with such situations, the Group makes every effort to avoid risks by developing and cultivating new suppliers, promoting multi-vendor procurement by means of adopting standard products, and engaging in comprehensive procurement on a Group-wide basis, in addition to ensuring acquisition of materials, components and other goods through enhanced cooperation with key suppliers.

(2) Securing human resources

A large part of the success of the Group's businesses depends on securing excellent human resources in every business area and process, including product development, production, marketing and business management. In particular, securing the necessary human resources is essential in respect of achieving globalization of the Group's businesses. However, competition to secure human resources is intensifying, as the number of qualified personnel in each area and process is limited, while demand for such personnel is increasing. As a result, the Group may fail to retain existing employees or to obtain new human resources. The Group will further reinforce educational programs for employees, toward developing human resources, including nurturing personnel able to support and promote business globalization.

In order to reduce fixed costs, the Group is implementing personnel measures, including the reallocation of human resources to focus on strong and promising businesses, reclaiming jobs that are outsourced to third parties or conducted by limited-term employees, reducing the number of limited-term employees implementing a leave system, and reducing overtime through a review of working systems. However, fixed costs may not be reduced as anticipated or the implementation of such personnel measures may adversely affect the Group's employee morale, production efficiency or the ability to secure capable human resources.

4. Risks related to products and technologies

(1) Investments in new businesses

The Group invests in companies involved in new businesses, enters into alliances with other companies with respect to new businesses, and actively develops its own new businesses. The Group is now accelerating expansion of new growth businesses that can take advantage of a synergy of the Group's strengths in areas that include next generation devices, smart communities, power electronics and EV, recyclable energy, and healthcare businesses.

Cultivation of new businesses entails substantial uncertainty, and if any new business in which the Group invests or which the Group attempts to develop does not progress as planned, the Group may be adversely affected by incurring investment expenses that do not lead to the anticipated results. In order to avoid these risks, the Group makes every effort to resolve various technological issues and to develop and capture potential demand effectively in the new business development process.

5. Risks related to trade practices

(1) Parent company's guarantees

When a subsidiary of the Company accepts an order for a large project, such as a plant, the Company, as the parent company, may, at the request of the customer, provide guarantees with respect to the subsidiary's performance under the contract. Such parent guarantees are made pursuant to standard business practices and in the ordinary course of business. If the subsidiary subsequently fails to fulfill its obligations, the Company may be obligated to bear the resulting loss. The Company makes every effort to conduct appropriate management by periodically monitoring the subsidiaries' fulfillment of the contract requirements and by cooperating with such subsidiaries where necessary.

6. Risks related to new products and new technology

(1) Development of new products

It is critically important for the Group to offer innovative and attractive new products and services. The Group has exerted its efforts to create "World-First" and "World No.1" products that deliver surprise and inspiration to customers, ahead of the needs of customers. However, due to the rapid pace of technological innovation, the emergence of alternative technologies and products and changes in technological standards, the optimum introduction of new products to the market may not be accomplished, or new products may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to continuously obtain sufficient funding and resources for development of technologies may affect the Group's ability to develop new products and services and to introduce them to market.

From the viewpoint of enhancing concentration and selection of managerial resources, the Group now selects research and development themes more rigorously, with a primary focus on developing original and advanced technologies, with close consideration for the timing of market introduction. More rigorous selection of research and development items may impair the Group's technological superiority in certain products and technological fields. In order to avoid these risks, the Group intends to enhance the efficiency of research and development activities by sharing intellectual property through the promotion of common platforms and using overseas resources more efficiently in system development.

7. Risks related to laws and regulations

(1) Information security

The Group maintains and manages personal information obtained through business operations, as well as trade secrets regarding the Group's technology, marketing and other business operations. Even though the Group makes every effort to manage this information appropriately, the Group's business performance and financial situation may be subject to negative influences in the event of an unanticipated leak of such information and such information is obtained and used illegally by a third party.

Additionally, the role of information systems in the Group is critical to carrying out business activities. While the Group makes every effort to ensure the stable operation of its information systems, there is no assurance that their functionality would not be impaired or destroyed by computer viruses, software or hardware failures, disaster, terrorism, or other causes.

(2) Compliance and internal control

The Group is active in various businesses in regions worldwide, and its business activities are subject to the laws and regulations of each region. The Group has implemented and operates necessary and appropriate internal control systems for a number of purposes, including compliance with laws and regulations and strict reporting of business and financial matters. However, there can be no assurance that the Group will always be able to structure and operate effective internal control systems. Furthermore, such internal control systems may themselves, by their nature, have limitations, and it is not possible to guarantee that they will fully achieve their objectives. Therefore, there is no assurance that the Group will not unknowingly and unintentionally violate laws and regulations in future. Changes in laws and regulations or changes in interpretations of laws and regulations by the relevant authorities may also cause difficulty in achieving compliance with laws and regulations or may result in increased compliance costs. On these grounds, the Group makes every effort to minimize these risks by making periodic revisions to the internal control systems, continuously monitoring operations, and so forth.

(3) The environment

The Group is subject to various environmental laws, including laws on air pollution, water pollution, toxic substances, waste disposal, product recycling, prevention of global warming and energy policies, in its global business activities. While the Group pays careful attention to these laws and regulations, it is possible that the Group may encounter legal or social liability for environmental matters, such as liability for the clean up of land at manufacturing bases throughout the world, regardless of whether the Group is at fault or not, with respect to its business activities, including its past activities. It is also possible that, in future, the Group will face more stringent requirements on the removal of environmental hazards, including toxic substances, or on further reducing emissions of greenhouse gases, as a result of the introduction of more demanding environmental regulations or in accordance with societal requirements.

The Group's operations require the use of various chemical compounds, radioactive materials, nuclear materials and other toxic materials. The Group takes maximum care of such materials, giving first priority to human life and safety. However, the Group may incur damage, or the Group's reputation may be adversely affected, as a result of a natural disaster, the threat or occurrence of a terrorist incident, or of an accident or other contingency (including those beyond the Group's control) that leads to environmental pollution or the potential for such pollution.

(4) Product quality claims

While the Group makes every effort to implement quality control measures and to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that all products are free of defects that may result in a recall, lawsuits or other claims relating to product quality due to unforeseen reasons or circumstances.

8. Risks related to material legal proceedings

(1) Legal proceedings

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings, and investigations by relevant authorities. It is possible that such cases may arise in the future. Due to the differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could also have a material adverse effect on the Group's business, operating results or financial condition. In addition, due to various circumstances, there can be no assurance that lawsuits involving claims for large sums will not be brought, even if the possibility of receiving orders for such payment is quite low.

In January 2007, the European Commission (the "Commission") adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company contends that it did not violate EU competition laws and appealed the decision to the European Court of First Instance in April 2007.

Furthermore, the Group is under investigation by the U.S. Department of Justice, the Commission, and other competition regulatory authorities, for alleged violations of competition laws with respect to products that include semiconductors, LCD products, cathode ray tubes (CRT), heavy electrical equipment, and optical disc devices, while class action lawsuits with respect to alleged anti-competitive behavior brought against the Group are currently pending in the United States.

9. Risks related to directors, employees, major shareholders and affiliates

(1) Alliance in NAND flash memories

The Group has a strategic alliance with a U.S. company, SanDisk Corporation ("SanDisk"), for the production of NAND flash memories, which includes production joint ventures (equity method affiliates). Under the joint venture agreement, the Group may purchase SanDisk's ownership interests in the production joint ventures. In addition, the Company and SanDisk each provide a 50% guaranty in respect of the lease agreements of production facilities held by the production joint ventures. In the event that SanDisk's operating results and financial condition deteriorate, the Company may succeed to SanDisk's guaranty obligations or purchase SanDisk's ownership interests in the relevant production joint ventures, in which case the production joint ventures will thereafter be treated as consolidated subsidiaries of the Company.

(2) Alliance in nuclear power systems business

The Group acquired Westinghouse group in October 2006. The Company's ownership interest in Westinghouse group (including the holding companies) is currently 67%. The remainder is held by three companies in Japan and overseas (the "Minority Shareholders").

While the shareholders' agreements restrict the Minority Shareholders from transferring their respective ownership interests in companies of Westinghouse group to a third party until October 1, 2012, the Minority Shareholders have been given an option to sell all or part of their ownership interests to the Company ("Put Options"). However, since exercising the Put Options held by some of the Minority Shareholders requires consent from a third party, such Minority Shareholders are not able to exercise their Put Options at their own discretion.

The Group also has an option to purchase from the Minority Shareholders all or part of their respective ownership interest in companies of Westinghouse group under certain conditions. These options are in place for the purpose of protecting the interests of the Minority Shareholders, while preventing equity participation by a third party which may put the Group at disadvantage. The Company makes every effort to maintain a favorable relationship with the Minority Shareholders in connection with Westinghouse group's business. However in the event that the Minority Shareholders exercise their respective Put Options, or the Group exercises its purchase option, the Group will seek investment from a new strategic partner. Prior to such an investment, the Group may need to procure substantial funds in connection with the exercise of Put Options or purchase options.

10. Others

(1) Measures against counterfeit products

While the Group protects and seeks to enhance the value of the Toshiba brand, counterfeit products created by third parties are found worldwide. While the Group makes every effort to prevent counterfeit products, the heavy circulation of counterfeit products may dilute the value of the Toshiba brand, and the Group's net sales may be adversely affected.

(2) Protection of intellectual property rights

The Group makes every effort to secure intellectual property rights. However, in some regions, it may not be possible to secure sufficient protection.

The Group also uses the intellectual property of third parties pursuant to licenses. It is possible that the Group may fail to receive the necessary third-party licenses for new technology or is unable to obtain the renewal of existing licenses or receives them on unfavorable terms.

In addition, it is also possible that a suit or such similar action or proceeding may be brought against the Group in respect of intellectual property rights or that the Group may itself have to file a suit in order to protect its intellectual property rights. Such lawsuits may require time, costs and other management resources, and depending on the outcome of these lawsuits, the Group may not be able to use important technology, or the Group may be found to be liable for damages.

(3) Political, economic and social conditions

The Group undertakes global business operations. Any changes in political, economic, and social conditions and policies, legal or regulatory changes and exchange rate fluctuations, in Japan or overseas, may impact market demand and the Group's business operations. The Group makes every effort to avoid these risks and to reduce any impact when such risks emerge by continuously monitoring changes in the situation in each region where the Group operates, including legal and regulatory changes, and by promptly initiating countermeasures.

(4) Natural disasters

Most of the Group's Japanese production facilities are located in the Keihin region of Japan, which includes Tokyo, Kawasaki City, Yokohama City and the surrounding area, while key semiconductor production facilities are located in Kyushu, Tokai, Hanshin and Tohoku. The Group is currently expanding its production facilities in Asia. As a result, any occurrence of a wide-scale disaster, terrorism or epidemic illness, such as a new type of flu, particularly in any of these areas could have a more significant adverse effect on the Group's results.

Additionally, large-scale disasters, such as earthquakes or typhoons, in regions where production or distribution sites are located may damage or destroy production capabilities, suspend procurement of raw materials or components, and cause transportation and sales interruptions or other similar disruptions, which could affect production capabilities significantly.

In order to manage these risks, the Group established the "Business Continuity Plan (BCP)" as part of its continuing effort to avoid or minimize any impact from such disasters in addition to establishing the precautionary measures, such as construction of earthquake-resistant buildings and emergency procedures responsive to large-scale earthquakes.

Toshiba Corporation and Subsidiaries
As of March 31, 2011 and 2010

Assets	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2011
Current assets:			
Cash and cash equivalents	¥ 258,840	¥ 267,449	$ 3,118,554
Notes and accounts receivable, trade:			
Notes (Note 7)	47,311	44,122	570,012
Accounts (Note 7)	1,093,948	1,160,389	13,180,097
Allowance for doubtful notes and accounts	(17,079)	(20,112)	(205,771)
Inventories (Note 8)	864,382	795,601	10,414,241
Deferred tax assets (Note 18)	161,197	134,950	1,942,132
Other receivables	189,028	187,164	2,277,446
Prepaid expenses and other current assets (Note 21)	202,041	192,043	2,434,229
Total current assets	2,799,668	2,761,606	33,730,940
Long-term receivables and investments:			
Long-term receivables (Note 7)	2,540	3,337	30,602
Investments in and advances to affiliates (Note 9)	416,431	366,250	5,017,241
Marketable securities and other investments (Note 6)	241,409	253,267	2,908,542
Total long-term receivables and investments	660,380	622,854	7,956,385
Property, plant and equipment (Notes 17 and 22)**:**			
Land	99,834	105,663	1,202,819
Buildings	996,409	1,016,520	12,004,928
Machinery and equipment	2,330,565	2,508,934	28,079,096
Construction in progress	113,132	97,309	1,363,036
	3,539,940	3,728,426	42,649,879
Less—Accumulated depreciation	(2,639,735)	(2,749,700)	(31,804,036)
Total property, plant and equipment	900,205	978,726	10,845,843
Other assets:			
Goodwill and other intangible assets (Note 10)	559,246	618,731	6,737,904
Deferred tax assets (Note 18)	356,592	355,687	4,296,289
Other assets	103,228	113,569	1,243,711
Total other assets	1,019,066	1,087,987	12,277,904
Total assets	¥ 5,379,319	¥ 5,451,173	$ 64,811,072

The accompanying notes are an integral part of these statements.

Liabilities and equity	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 3) 2011
Current liabilities:			
Short-term borrowings (Note 11)	**¥ 152,348**	¥ 51,347	**$ 1,835,518**
Current portion of long-term debt (Notes 11, 12 and 21)	**159,414**	206,017	**1,920,651**
Notes and accounts payable, trade	**1,194,229**	1,191,885	**14,388,301**
Accounts payable, other and accrued expenses (Note 26)	**380,360**	375,902	**4,582,651**
Accrued income and other taxes	**38,197**	42,384	**460,205**
Advance payments received	**271,066**	317,044	**3,265,854**
Other current liabilities (Notes 18, 21 and 24)	**302,695**	303,866	**3,646,928**
Total current liabilities	**2,498,309**	2,488,445	**30,100,108**
Long-term liabilities:			
Long-term debt (Notes 11 and 21)	**769,544**	960,938	**9,271,615**
Accrued pension and severance costs (Note 13)	**734,309**	725,620	**8,847,096**
Other liabilities (Notes 18, 21, 26 and 27)	**197,541**	148,548	**2,380,012**
Total long-term liabilities	**1,701,394**	1,835,106	**20,498,723**
Total liabilities	**¥ 4,199,703**	¥ 4,323,551	**$ 50,598,831**
Equity attributable to shareholders of the Company (Notes 12 and 19)**:**			
Common stock:			
Authorized—10,000,000,000 shares			
Issued:			
2011 and 2010—4,237,602,026 shares	**¥ 439,901**	¥ 439,901	**$ 5,300,012**
Additional paid-in capital	**399,552**	447,733	**4,813,880**
Retained earnings	**551,523**	375,376	**6,644,855**
Accumulated other comprehensive loss	**(521,396)**	(464,250)	**(6,281,880)**
Treasury stock, at cost:			
2011—2,519,870 shares	**(1,461)**	—	**(17,602)**
2010—2,160,986 shares	**—**	(1,305)	**—**
Total equity attributable to shareholders of the Company	**868,119**	797,455	**10,459,265**
Equity attributable to noncontrolling interests	**311,497**	330,167	**3,752,976**
Total equity	**¥ 1,179,616**	¥ 1,127,622	**$ 14,212,241**
Commitments and contingent liabilities (Notes 23, 24 and 25)			
Total liabilities and equity	**¥ 5,379,319**	¥ 5,451,173	**$ 64,811,072**

Consolidated Statements of Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2011
Sales and other income:			
Net sales	**¥ 6,398,505**	¥ 6,291,208	**$ 77,090,422**
Interest and dividends	**8,704**	7,965	**104,867**
Equity in earnings of affiliates (Note 9)	**18,478**	22,385	**222,627**
Other income (Notes 6, 16 and 21)	**67,811**	62,793	**817,000**
	6,493,498	6,384,351	**78,234,916**
Costs and expenses:			
Cost of sales (Notes 10, 14, 17, 22 and 26)	**4,897,547**	4,852,002	**59,006,591**
Selling, general and administrative (Notes 10, 14, 15 and 22)	**1,260,685**	1,313,958	**15,188,976**
Interest	**32,331**	35,650	**389,530**
Other expense (Notes 6, 7, 16, 17 and 21)	**107,386**	148,328	**1,293,807**
	6,297,949	6,349,938	**75,878,904**
Income from continuing operations, before income taxes and noncontrolling interests	**195,549**	34,413	**2,356,012**
Income taxes (Note 18)**:**			
Current	**57,517**	52,108	**692,976**
Deferred	**(16,797)**	(18,574)	**(202,374)**
	40,720	33,534	**490,602**
Income from continuing operations, before noncontrolling interests	**154,829**	879	**1,865,410**
Loss from discontinued operations, before noncontrolling interests (Note 4)	**(8,183)**	(6,172)	**(98,591)**
Net income (loss) before noncontrolling interests	**146,646**	(5,293)	**1,766,819**
Less: Net income attributable to noncontrolling interests	**8,801**	14,450	**106,036**
Net income (loss) attributable to shareholders of the Company	**¥ 137,845**	¥ (19,743)	**$ 1,660,783**

	Yen 2011	Yen 2010	U.S. dollars (Note 3) 2011
Basic net earnings (loss) per share attributable to shareholders of the Company (Note 20)			
Earnings (loss) from continuing operations	**¥ 34.47**	¥ (3.42)	**$ 0.41**
Loss from discontinued operations	**¥ (1.92)**	¥ (1.51)	**$ (0.02)**
Net earnings (loss)	**¥ 32.55**	¥ (4.93)	**$ 0.39**
Diluted net earnings (loss) per share attributable to shareholders of the Company (Note 20)			
Earnings (loss) from continuing operations	**¥ 33.10**	¥ (3.42)	**$ 0.40**
Loss from discontinued operations	**¥ (1.92)**	¥ (1.51)	**$ (0.02)**
Net earnings (loss)	**¥ 31.25**	¥ (4.93)	**$ 0.38**
Cash dividends per share (Note 19)	**¥ 5.00**	¥ —	**$ 0.06**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Equity

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2009	¥ 280,281	¥ 291,137	¥ 395,134	¥ (517,996)	¥ (1,210)	¥ 447,346	¥ 311,935	¥ 759,281
Issuance of shares (Note 19)	159,620	157,921				317,541		317,541
Change in ownership for noncontrolling interests and others		(1,325)				(1,325)	15,884	14,559
Dividends attributable to noncontrolling interests							(7,094)	(7,094)
Comprehensive income (loss):								
Net income (loss)			(19,743)			(19,743)	14,450	(5,293)
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				51,587		51,587	3,810	55,397
Foreign currency translation adjustments				(8,694)		(8,694)	(8,410)	(17,104)
Pension liability adjustments (Note 13)				11,230		11,230	(500)	10,730
Net unrealized gains and losses on derivative instruments (Note 21)				(377)		(377)	92	(285)
Total comprehensive income (loss)						34,003	9,442	43,445
Purchase of treasury stock, net, at cost			(15)		(95)	(110)		(110)
Balance at March 31, 2010	439,901	447,733	375,376	(464,250)	(1,305)	797,455	330,167	1,127,622
Transfer to retained earnings from additional paid-in capital (Note 19)		**(46,772)**	**46,772**					
Change in ownership for noncontrolling interests and others		**(1,406)**				**(1,406)**	**(8,841)**	**(10,247)**
Dividend attributable to shareholders of the Company			**(8,470)**			**(8,470)**		**(8,470)**
Dividends attributable to noncontrolling interests							**(8,278)**	**(8,278)**
Comprehensive income (loss):								
Net income (loss)			**137,845**			**137,845**	**8,801**	**146,646**
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				**(10,771)**		**(10,771)**	**1,714**	**(9,057)**
Foreign currency translation adjustments				**(43,641)**		**(43,641)**	**(13,408)**	**(57,049)**
Pension liability adjustments (Note 13)				**(5,333)**		**(5,333)**	**654**	**(4,679)**
Net unrealized gains and losses on derivative instruments (Note 21)				**2,599**		**2,599**	**688**	**3,287**
Total comprehensive income (loss)						**80,699**	**(1,551)**	**79,148**
Purchase of treasury stock, net, at cost		**(3)**			**(156)**	**(159)**		**(159)**
Balance at March 31, 2011	**¥ 439,901**	**¥ 399,552**	**¥ 551,523**	**¥ (521,396)**	**¥ (1,461)**	**¥ 868,119**	**¥ 311,497**	**¥ 1,179,616**

	Thousands of U.S. dollars (Note 3)							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2010	$ 5,300,012	$ 5,394,374	$ 4,522,602	$ (5,593,374)	$ (15,722)	$ 9,607,892	$ 3,977,915	$ 13,585,807
Transfer to retained earnings from additional paid-in capital (Note 19)		**(563,518)**	**563,518**					
Change in ownership for noncontrolling interests and others		**(16,940)**				**(16,940)**	**(106,518)**	**(123,458)**
Dividend attributable to shareholders of the Company			**(102,048)**			**(102,048)**		**(102,048)**
Dividends attributable to noncontrolling interests							**(99,735)**	**(99,735)**
Comprehensive income (loss):								
Net income (loss)			**1,660,783**			**1,660,783**	**106,036**	**1,766,819**
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				**(129,771)**		**(129,771)**	**20,651**	**(109,120)**
Foreign currency translation adjustments				**(525,795)**		**(525,795)**	**(161,542)**	**(687,337)**
Pension liability adjustments (Note 13)				**(64,253)**		**(64,253)**	**7,880**	**(56,373)**
Net unrealized gains and losses on derivative instruments (Note 21)				**31,313**		**31,313**	**8,289**	**39,602**
Total comprehensive income (loss)						**972,277**	**(18,686)**	**953,591**
Purchase of treasury stock, net, at cost		**(36)**			**(1,880)**	**(1,916)**		**(1,916)**
Balance at March 31, 2011	**$ 5,300,012**	**$ 4,813,880**	**$ 6,644,855**	**$ (6,281,880)**	**$ (17,602)**	**$ 10,459,265**	**$ 3,752,976**	**$ 14,212,241**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Cash flows from operating activities			
Net income (loss) before noncontrolling interests	**¥ 146,646**	¥ (5,293)	**$ 1,766,819**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by operating activities—			
Depreciation and amortization	**259,604**	298,998	**3,127,759**
Provisions for pension and severance costs, less payments	**8,611**	10,985	**103,747**
Deferred income taxes	**(22,771)**	(22,809)	**(274,349)**
Equity in earnings of affiliates, net of dividends	**(6,406)**	(11,566)	**(77,181)**
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**276**	25,055	**3,325**
Loss from sales and impairment of securities and other investments, net	**3,594**	7,181	**43,301**
(Increase) decrease in notes and accounts receivable, trade	**96**	(98,347)	**1,157**
Increase in inventories	**(100,945)**	(35,554)	**(1,216,205)**
Increase in notes and accounts payable, trade	**59,176**	176,443	**712,964**
Increase (decrease) in accrued income and other taxes	**(3,204)**	3,899	**(38,602)**
Increase (decrease) in advance payments received	**(22,363)**	58,592	**(269,434)**
Other	**51,770**	43,861	**623,735**
Net cash provided by operating activities	**374,084**	451,445	**4,507,036**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**58,391**	40,071	**703,506**
Proceeds from sale of securities	**5,427**	6,931	**65,386**
Acquisition of property, plant and equipment	**(229,229)**	(215,876)	**(2,761,795)**
Acquisition of intangible assets	**(30,851)**	(47,053)	**(371,699)**
Purchase of securities	**(6,201)**	(14,316)	**(74,711)**
(Increase) decrease in investments in affiliates	**(38,424)**	8,288	**(462,940)**
Other	**26,187**	(30,967)	**315,506**
Net cash used in investing activities	**(214,700)**	(252,922)	**(2,586,747)**
Cash flows from financing activities			
Proceeds from long-term debt	**159,807**	397,181	**1,925,386**
Repayment of long-term debt	**(406,846)**	(303,748)	**(4,901,759)**
Increase (decrease) in short-term borrowings, net	**109,895**	(680,346)	**1,324,036**
Proceeds from stock offering	**—**	317,541	**—**
Dividends paid	**(17,601)**	(5,728)	**(212,060)**
Purchase of treasury stock, net	**(159)**	(109)	**(1,916)**
Other	**188**	(2,652)	**2,265**
Net cash used in financing activities	**(154,716)**	(277,861)	**(1,864,048)**
Effect of exchange rate changes on cash and cash equivalents	**(13,277)**	2,994	**(159,964)**
Net decrease in cash and cash equivalents	**(8,609)**	(76,344)	**(103,723)**
Cash and cash equivalents at beginning of year	**267,449**	343,793	**3,222,277**
Cash and cash equivalents at end of year	**¥ 258,840**	¥ 267,449	**$ 3,118,554**
Supplemental disclosure of cash flow information			
Cash paid during the year for—			
Interest	**¥ 33,478**	¥ 31,036	**$ 403,349**
Income taxes	**61,342**	4,487	**739,060**

The accompanying notes are an integral part of these statements.

1. DESCRIPTION OF BUSINESS

Toshiba Corporation ("the Company") and its subsidiaries (hereinafter collectively, "the Group") are engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which range (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances, and (5)Others. For the year ended March 31, 2011, sales of Digital Products represented the most significant portion of the Group's total sales or approximately 33 percent. Social Infrastructure, second to Digital Products, represented approximately 33 percent, Electronic Devices approximately 20 percent and Home Appliances approximately 9 percent of the Group's total sales. For the year ended March 31, 2010, sales of Social Infrastructure represented the most significant portion of the Group's total sales or approximately 34 percent. Digital Products represented approximately 33 percent, Electronic Devices approximately 19 percent and Home Appliances approximately 9 percent of the Group's total sales. The Group's products are manufactured and marketed throughout the world with approximately 45 percent and 44 percent of its sales in Japan for the years ended March 31, 2011 and 2010, respectively and the remainder in Asia, North America, Europe and other parts of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PREPARATION OF FINANCIAL STATEMENTS

The Company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States. These adjustments were not recorded in the statutory books of account.

In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC"). The ASC has become the source of authoritative U.S. generally accepted accounting principles ("GAAP"). The codified standards are described as "ASC".

BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements of the Group include the accounts of the Company, its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Group is the primary beneficiary in accordance with ASC No.810 *"Consolidation"* ("ASC No.810"). All significant intra-entity transactions and accounts are eliminated in consolidation.

Investments in affiliates over which the Group has the ability to exercise significant influence are accounted for under the equity method of accounting. Net income (loss) attributable to shareholders of the Company includes its equity in the current net earnings (loss) of such companies after elimination of unrealized intra-entity gains. The proportionate share of the income or loss of some companies accounted for under the equity method is recognized from the most recent available financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The Group has identified significant areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are determination of impairment on long-lived tangible and intangible assets and goodwill, recoverability of receivables, realization of deferred tax assets, uncertain tax positions, pension accounting assumptions, revenue recognition and other valuation allowances and reserves including contingencies for litigations. Actual results could differ from those estimates.

CASH EQUIVALENTS

All highly liquid investments with original maturities of 3 months or less at the date of purchase are considered to be cash equivalents.

FOREIGN CURRENCY TRANSLATION

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in a local currency environment are translated into Japanese yen at applicable current exchange rates at year end. Income and expense items are translated at average exchange rates prevailing during the year. The effects of these translation adjustments are included in accumulated other comprehensive income (loss) and reported as a component of equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in other income or other expense in the consolidated statements of income.

ALLOWANCE FOR DOUBTFUL RECEIVABLES

An allowance for doubtful trade receivables is recorded based on a combination of the write-off history, aging analysis and an evaluation of any specific known troubled accounts. When all collection efforts are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible and charged against the allowance.

MARKETABLE SECURITIES AND OTHER INVESTMENTS

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary impairments in carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Group's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Group recognizes an impairment loss to the extent of such decline.

INVENTORIES

Raw materials, finished products and work in process for products are stated at the lower of cost or market, cost being determined principally by the average method. Finished products and work in process for contract items are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs.

In accordance with general industry practice, items with long manufacturing periods are included among inventories even when not realizable within one year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment associated with the Company and domestic subsidiaries is computed generally by the 250% declining-balance method with estimated residual value recorded at a nominal value. Depreciation for property, plant and equipment for foreign subsidiaries is generally computed using the straight line method.

The estimated useful lives of buildings are 3 to 50 years, and those of machinery and equipment are 2 to 20 years. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered held and used until disposed of.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Goodwill is allocated among and tested for impairment at the reporting unit level. Intangible assets with finite useful lives, consisting primarily of core and current technology and software, are amortized using the straight-line method over their respective contractual periods or estimated useful lives.

ENVIRONMENTAL LIABILITIES

Liabilities for environmental remediation and other environmental costs are accrued when environmental assessments or remedial efforts are probable and the costs can be reasonably estimated, based on current law and existing technologies. Such liabilities are adjusted as further information develops or circumstances change. Costs of future obligations are not discounted to their present values.

INCOME TAXES

The provision for income taxes is computed based on the income (loss) from continuing operations, before income taxes and noncontrolling interests included in the consolidated statements of income. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change is enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Group recognizes the financial statement effects of tax positions when they are more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

ACCRUED PENSION AND SEVERANCE COSTS

The Company and certain subsidiaries have various retirement benefit plans covering substantially all employees. The unrecognized net obligation existing at initial application of ASC No.715 *"Compensation–Retirement Benefits"*, and prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial gains and losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of employees expected to receive benefits.

NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Basic net earnings (loss) per share attributable to shareholders of the Company ("EPS") is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS assumes the dilution that could occur if stock acquisition rights were exercised to issue common stock, unless their inclusion would have an anti-dilutive effect.

REVENUE RECOGNITION

Revenue of mass-produced standard products, such as digital products and electronic devices, is recognized when there is persuasive evidence of an arrangement, the product has been delivered, the sales price is fixed or determinable, and collectibility is reasonably assured. Mass-produced standard products are considered delivered to customers once they have been shipped, and the title and risk of loss have transferred.

Revenue related to equipment that requires installation, such as social infrastructure business, is recognized when the installation of the equipment is completed, the equipment is accepted by the customer and other specific criteria of the equipment are demonstrated by the Group.

Revenue from services, such as maintenance service for plant and other systems, that are priced and sold separately from the equipment is recognized ratably over the contract term or as the services are provided.

Revenue on long-term contracts is recorded under the percentage of completion method. To measure the extent of progress toward completion, the Group generally compares the costs incurred to date to the estimated total costs to complete based upon the most recent available information. When estimates of the extent of progress toward completion and contract costs are reasonably dependable, revenue from the contract is recognized based on the percentage of completion. A provision for contract losses is recorded in its entirety when the loss first becomes evident.

Revenue from arrangements with multiple elements, which may include any combination of products, equipment, installment and maintenance, is allocated to each element based on its relative fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in ASC No.605 *"Revenue Recognition"* ("ASC No.605"). Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

Revenue from the development of custom software products is recognized when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collectibility is probable, and the software product has been delivered and accepted by the customer.

SHIPPING AND HANDLING COSTS

The Group includes shipping and handling costs which totaled ¥80,316 million ($967,663 thousand) and ¥78,869 million for the years ended March 31, 2011 and 2010, respectively in selling, general and administrative expenses.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options for the purpose of currency exchange rate and interest rate risk management. Refer to Note 21 for descriptions of these financial instruments.

The Group recognizes all derivative financial instruments, such as forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options in the consolidated financial statements at fair value regardless of the purpose or intent for holding the derivative financial instruments. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in fair value of derivative financial instruments accounted for as cash flow hedges, to the extent they are effective as a hedge, are recorded in accumulated other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

SALES OF RECEIVABLES

The Group has transferred certain trade notes and accounts receivable under several securitization programs. When a transfer of financial assets is eligible to be accounted for as a sale under ASC No.860 "*Transfers and Servicing*" ("ASC No.860"), these securitization transactions are accounted for as a sale and the receivables sold under these facilities are excluded from the accompanying consolidated balance sheets.

ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations at fair value in the period incurred. The fair value of the liability is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the asset. The liability increases due to the passage of time based on the time value of money until the obligation is settled. Subsequent to the initial recognition, the liability is adjusted for any revisions to the expected amount of the retirement obligation, and for accretion of the liability due to the passage of time.

RECENT PRONOUNCEMENTS

In October 2009, the FASB issued Accounting Standards Updates ("ASU") No.2009-13. ASU No.2009-13 amends ASC No.605, and establishes the requirements for treating multiple elements of revenue arrangements as separate units of accounting, and permits using a best estimate of the selling price when vendor-specific objective evidence or third-party evidence of selling price is not available. At the same time, the use of the residual method, which was previously permitted to use to allocate arrangement consideration, is prohibited. Moreover, additional disclosure such as effects by this amendment is required. ASU No.2009-13 is effective for fiscal years beginning on or after June 15, 2010, and the Company will adopt ASU No.2009-13 effective April 1, 2011. The Company is currently evaluating the impact of adoption of ASU No.2009-13 on the Company's financial position and results of operations but does not expect it to have a material impact.

In October 2009, the FASB issued ASU No.2009-14. ASU No.2009-14 amends ASC No.985 "*Software*" ("ASC No.985"), and clarifies the scope of ASC No.985 in certain revenue arrangement that include software elements. ASU No.2009-14 is effective for fiscal years beginning on or after June 15, 2010, and the Company will adopt ASU No.2009-14 effective April 1, 2011. The Company is currently evaluating the impact of adoption of ASU No.2009-14 on the Company's financial position and results of operations but does not expect it to have a material impact.

SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to June 22, 2011 in accordance with ASC No.855 "*Subsequent Events*".

RECLASSIFICATIONS

Certain reclassifications to the prior year's consolidated financial statements and related footnote amounts have been made to conform to the presentation for the current year.

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥83=U.S.$1, the approximate current rate of exchange at March 31, 2011, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. DISCONTINUED OPERATION

On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding (MOU) to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. The purpose of this business merger was to enhance their handset development capabilities and at the same time to improve business efficiency by combining their mobile phone development know-how and technological strengths, in the domestic and overseas mobile phone market in which competition is intensifying. On October 1, 2010, the Company transferred its mobile phone business to a newly established company (Fujitsu Toshiba Mobile Communications Limited), and sold 80.1% of the shares of the new company to Fujitsu. In accordance with this contract, the Company will continue manufacturing and selling of the existing models of mobile phones until the first half of FY2011.

In accordance with ASC No.205-20 *"Presentation of Financial Statements–Discontinued Operations"* ("ASC No.205-20"), operating results relating to the mobile phone business are separately presented as discontinued operations in the consolidated statements of income.

Operating results relating to the mobile phone business, which are reclassified as discontinued operations, are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Sales and other income	**¥ 84,167**	¥ 90,995	**$ 1,014,060**
Costs and expenses	**98,004**	100,446	**1,180,771**
Loss from discontinued operations, before income taxes and noncontrolling interests	**(13,837)**	(9,451)	**(166,711)**
Income taxes	**(5,631)**	(3,846)	**(67,843)**
Loss from discontinued operations, before noncontrolling interests	**(8,206)**	(5,605)	**(98,868)**
Less: Net income from discontinued operations attributable to noncontrolling interests	**—**	—	**—**
Net loss from discontinued operations attributable to shareholders of the Company	**(8,206)**	(5,605)	**(98,868)**

Mobile Broadcasting Corporation ("MBCO"), a consolidated subsidiary of the Company, ended all its broadcasting services by the end of March 2009, and is in the course of going through the procedures for dissolution. In accordance with ASC No.205-20, operating results relating to MBCO in consolidated statements of income are separately presented as discontinued operations. These amounts were not significant.

5. FAIR VALUE MEASUREMENTS

ASC No.820 "*Fair Value Measurements and Disclosures*" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels below;

Level 1 - Quoted prices for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar instruments in markets that are not active.
Inputs other than quoted prices that are observable.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 - Instruments whose significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities that are measured at fair value on a recurring basis at March 31, 2011 and 2010 are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 201,138	¥ 673	¥ —	¥ 201,811
Debt securities	—	—	5	5
Derivative assets:				
Forward exchange contracts	—	6,325	—	6,325
Interest rate swap agreements	—	2	—	2
Currency swap agreements	—	1,716	—	1,716
Total assets	¥ 201,138	¥ 8,716	¥ 5	¥ 209,859
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ —	¥ 2,993	¥ —	¥ 2,993
Interest rate swap agreements	—	2,407	—	2,407
Currency swap agreements	—	1,241	—	1,241
Total liabilities	¥ —	¥ 6,641	¥ —	¥ 6,641

March 31, 2010	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
MMF	¥ 15,615	¥ —	¥ —	¥ 15,615
Marketable securities:				
Equity securities	209,628	2,466	—	212,094
Debt securities	—	—	2,393	2,393
Derivative assets:				
Forward exchange contracts	—	1,486	—	1,486
Interest rate swap agreements	—	9	—	9
Currency swap agreements	—	255	—	255
Subordinated retained interests	—	—	5,942	5,942
Total assets	¥ 225,243	¥ 4,216	¥ 8,335	¥ 237,794
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ —	¥ 1,313	¥ —	¥ 1,313
Interest rate swap agreements	—	5,168	—	5,168
Currency swap agreements	—	422	—	422
Currency options	—	162	—	162
Total liabilities	¥ —	¥ 7,065	¥ —	¥ 7,065

March 31, 2011	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**$ 2,423,350**	**$ 8,108**	**$ —**	**$ 2,431,458**
Debt securities	**—**	**—**	**60**	**60**
Derivative assets:				
Forward exchange contracts	**—**	**76,205**	**—**	**76,205**
Interest rate swap agreements	**—**	**24**	**—**	**24**
Currency swap agreements	**—**	**20,675**	**—**	**20,675**
Total assets	**$ 2,423,350**	**$ 105,012**	**$ 60**	**$ 2,528,422**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**$ —**	**$ 36,060**	**$ —**	**$ 36,060**
Interest rate swap agreements	**—**	**29,000**	**—**	**29,000**
Currency swap agreements	**—**	**14,952**	**—**	**14,952**
Total liabilities	**$ —**	**$ 80,012**	**$ —**	**$ 80,012**

Cash equivalents

Cash equivalents whose fair values are valued based on quoted market prices in active markets are classified within Level 1.

Marketable securities

Level 1 securities represent marketable equity securities listed in active markets, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 securities represent marketable equity securities listed in less active markets, which are valued based on quoted market prices for identical assets in inactive markets. Level 3 securities represent corporate debt securities and valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

Derivative instruments
Derivative instruments principally represent forward currency exchange contracts and interest rate swap agreements, which are classified within Level 2. They are valued based on inputs that can be corroborated with the observable inputs such as foreign currency exchange rate, LIBOR and others.

Subordinated retained interests
Subordinated retained interests are valued based on unobservable inputs and classified within Level 3. They are valued based on the internal valuation models and the Group's own assumptions.

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		
Year ended March 31, 2011	Marketable securities	Subordinated retained interests	Total
Balance at beginning of year	**¥ 2,393**	**¥ 5,942**	**¥ 8,335**
Total gains or losses (realized or unrealized):			
Included in gains (losses)	**(461)**	**—**	**(461)**
Included in other comprehensive income (loss)	**—**	**—**	**—**
Purchases	**—**	**—**	**—**
Issuances	**—**	**—**	**—**
Settlements	**(1,927)**	**(5,942)**	**(7,869)**
Balance at end of year	**¥ 5**	**¥ —**	**¥ 5**

	Millions of yen		
Year ended March 31, 2010	Marketable securities	Subordinated retained interests	Total
Balance at beginning of year	¥ 3,045	¥ 10,762	¥ 13,807
Total gains or losses (realized or unrealized):			
Included in gains (losses)	—	—	—
Included in other comprehensive income (loss)	(556)	—	(556)
Purchases	—	—	—
Issuances	—	—	—
Settlements	(96)	(4,820)	(4,916)
Balance at end of year	¥ 2,393	¥ 5,942	¥ 8,335

	Thousands of U.S. dollars		
Year ended March 31, 2011	Marketable securities	Subordinated retained interests	Total
Balance at beginning of year	**$ 28,831**	**$ 71,590**	**$ 100,421**
Total gains or losses (realized or unrealized):			
Included in gains (losses)	**(5,554)**	**—**	**(5,554)**
Included in other comprehensive income (loss)	**—**	**—**	**—**
Purchases	**—**	**—**	**—**
Issuances	**—**	**—**	**—**
Settlements	**(23,217)**	**(71,590)**	**(94,807)**
Balance at end of year	**$ 60**	**$ —**	**$ 60**

At March 31, 2011 and 2010, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities and subordinated retained interests.

Assets and liabilities measured at fair value on a non-recurring basis

Assets that are measured at fair value on a non-recurring basis at March 31, 2011 and 2010 are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ —	¥ —	¥ **85**	¥ **85**
Investments in affiliates	**—**	**—**	**9,379**	**9,379**
Long-lived assets held for use	**—**	**—**	**0**	**0**
Total assets	¥ —	¥ —	¥ **9,464**	¥ **9,464**

	Millions of yen			
March 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ —	¥ —	¥ 620	¥ 620
Investments in affiliates	11,921	—	8,582	20,503
Long-lived assets held for use	—	—	42,403	42,403
Long-lived assets held for sale	—	—	10,618	10,618
Total assets	¥ 11,921	¥ —	¥ 62,223	¥ 74,144

	Thousands of U.S. dollars			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	**$ —**	**$ —**	**$ 1,024**	**$ 1,024**
Investments in affiliates	**—**	**—**	**113,000**	**113,000**
Long-lived assets held for use	**—**	**—**	**0**	**0**
Total assets	**$ —**	**$ —**	**$ 114,024**	**$ 114,024**

Certain non-marketable equity securities accounted for under the cost method were written down to their fair value, resulting in other-than-temporary impairment. The impaired securities were classified within level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

Certain equity method investments were written down to their fair value, resulting in other-than-temporary impairment. Some of the impaired investments were classified within Level 1 as they were valued based on quoted market prices in active markets. The other impaired securities were classified within level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

Previous equity interests of newly controlled subsidiaries in step acquisitions and retained investment in the former subsidiary were remeasured to their fair value, which were classified within level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

The impaired long-lived assets were classified within level 3 as they were valued based on discounted cash flows expected to be generated by the related assets and on the transfer price of stocks with unobservable inputs.

As a result, the net impacts for the years ended March 31, 2011 and 2010 were ¥15,969 million ($192,398 thousand) loss and ¥23,181 million loss, respectively.

6. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities classified as available-for-sale securities by security type at March 31, 2011 and 2010 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2011:				
Equity securities	**¥ 91,790**	**¥ 113,388**	**¥ 3,367**	**¥ 201,811**
Debt securities	**5**	**0**	**0**	**5**
	¥ 91,795	**¥ 113,388**	**¥ 3,367**	**¥ 201,816**
March 31, 2010:				
Equity securities	¥ 93,416	¥ 120,189	¥ 1,511	¥ 212,094
Debt securities	2,949	0	556	2,393
	¥ 96,365	¥ 120,189	¥ 2,067	¥ 214,487

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2011:				
Equity securities	**$ 1,105,904**	**$ 1,366,120**	**$ 40,566**	**$ 2,431,458**
Debt securities	**60**	**0**	**0**	**60**
	$ 1,105,964	**$ 1,366,120**	**$ 40,566**	**$ 2,431,518**

At March 31, 2011 and 2010, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2011:	Cost	Fair value	Cost	Fair value
Due within one year	**¥ 0**	**¥ 0**	**$ 0**	**$ 0**
Due after one year within five years	**5**	**5**	**60**	**60**
	¥ 5	**¥ 5**	**$ 60**	**$ 60**

The proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥4,751 million ($57,241 thousand) and ¥2,667 million, respectively. The gross realized gains on those sales for the years ended March 31, 2011 and 2010 were ¥1,810 million ($21,807 thousand) and ¥1,321 million, respectively. The gross realized losses on those sales for the years ended March 31, 2011 and 2010 were ¥19 million ($229 thousand) and ¥69 million, respectively.

At March 31, 2011, the cost and fair value of available-for-sale securities in an unrealized loss position over 12 consecutive months were not significant.

Aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥39,323 million ($473,771 thousand) and ¥38,058 million at March 31, 2011 and 2010, respectively. At March 31, 2011 and 2010, investments with an aggregate cost of ¥39,237 million ($472,735 thousand) and ¥37,479 million were not evaluated for impairment because (a)the Group did not estimate the fair values of those investments as it was not practicable to estimate the fair value of the investments and (b)the Group did not identify any events or changes in circumstances that might have had significant adverse effects on the fair values of those investments.

Included in other expense are charges of ¥6,505 million ($78,373 thousand) and ¥5,902 million related to other-than-temporary declines in the marketable and non-marketable equity securities for the years ended March 31, 2011 and 2010, respectively.

7. SECURITIZATIONS

The Group has transferred certain trade notes and accounts receivable under several securitization programs. These securitization transactions are accounted for as a sale in accordance with ASC No.860, because the Group has relinquished control of the receivables. Accordingly, the receivables transferred under these facilities are excluded from the accompanying consolidated balance sheets.

Under the asset-backed securitization program entered into in Europe, the Group held subordinated retained interests for certain trade notes and accounts receivable. As of March 31, 2010, the fair value of retained interests was ¥4,816 million.

The Group recognized losses of ¥1,043 million ($12,566 thousand) and ¥1,976 million on the transfers of receivables for the years ended March 31, 2011 and 2010, respectively.

Subsequent to transfers, the Group retains collection and administrative responsibilities for the receivables. Servicing fees received by the Group approximate the prevailing market rate. Related servicing assets or liabilities are immaterial to the Group's financial position.

The table below summarizes certain cash flows received from and paid to special purpose entities ("SPEs") on the above securitization transactions.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Proceeds from new securitizations	**¥ 462,295**	¥ 1,018,458	**$ 5,569,819**
Purchases of delinquent and foreclosed receivables	**318**	1,218	**3,831**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				Year ended March 31	
	2011	2010	**2011**	2010	**2011**	2010
Accounts receivable	**¥ 1,189,602**	¥ 1,273,517	**¥ 30,975**	¥ 33,339	**¥ 2,226**	¥ 5,908
Notes receivable	**98,482**	96,035	**19**	75	**348**	792
Total managed portfolio	**1,288,084**	1,369,552	**¥ 30,994**	¥ 33,414	**¥ 2,574**	¥ 6,700
Securitized receivables	**(144,285)**	(161,704)				
Total receivables	**¥ 1,143,799**	¥ 1,207,848				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2011		Year ended March 31, 2011
Accounts receivable	**$ 14,332,554**	**$ 373,193**	**$ 26,819**
Notes receivable	**1,186,530**	**229**	**4,193**
Total managed portfolio	**15,519,084**	**$ 373,422**	**$ 31,012**
Securitized receivables	**(1,738,373)**		
Total receivables	**$ 13,780,711**		

8. INVENTORIES

Inventories at March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Finished products	¥ **338,754**	¥ 303,860	$ **4,081,373**
Work in process:			
Long-term contracts	**92,285**	96,376	**1,111,868**
Other	**269,439**	243,807	**3,246,253**
Raw materials	**163,904**	151,558	**1,974,747**
	¥ **864,382**	¥ 795,601	$ **10,414,241**

9. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Group's significant investments in affiliated companies accounted for by the equity method together with the percentage of the Group's ownership of voting shares at March 31, 2011 were: Topcon Corporation (35.5%); Toshiba Machine Co., Ltd. (22.1%); Toshiba Finance Corporation ("TFC") (35.0%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); and Semp Toshiba Amazonas S.A. (40.0%).

Of the affiliates which were accounted for by the equity method, the investments in common stock of the listed companies (5 companies) were carried at ¥35,443 million ($427,024 thousand) and ¥36,097 million at March 31, 2011 and 2010, respectively. The Group's investments in these companies had market values of ¥42,525 million ($512,349 thousand) and ¥44,192 million at March 31, 2011 and 2010, respectively, based on quoted market prices at those dates.

Summarized financial information of the affiliates accounted for by the equity method is shown below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Current assets	¥ **1,439,938**	¥ 1,263,890	$ **17,348,651**
Other assets including property, plant and equipment	**1,225,127**	1,111,965	**14,760,566**
Total assets	¥ **2,665,065**	¥ 2,375,855	$ **32,109,217**
Current liabilities	¥ **1,264,533**	¥ 998,135	$ **15,235,337**
Long-term liabilities	**662,619**	701,219	**7,983,362**
Equity	**737,913**	676,501	**8,890,518**
Total liabilities and equity	¥ **2,665,065**	¥ 2,375,855	$ **32,109,217**

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Sales	¥ **2,037,365**	¥ 1,876,055	$ **24,546,566**
Net income	**62,318**	59,403	**750,819**

A summary of transactions and balances with the affiliates accounted for by the equity method is presented below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Sales	¥ **163,185**	¥ 149,196	$ **1,966,084**
Purchases	**135,500**	132,823	**1,632,530**
Dividends	**11,341**	11,580	**136,639**

March 31	Millions of yen 2011	2010	Thousands of U.S. dollars 2011
Notes and accounts receivable, trade	**¥ 47,533**	¥ 36,607	**$ 572,687**
Other receivables	**11,644**	11,395	**140,289**
Long-term loans receivable	**131,275**	100,397	**1,581,627**
Notes and accounts payable, trade	**89,315**	110,700	**1,076,084**
Other payables	**31,179**	23,319	**375,651**
Capital lease obligations	**25,714**	37,438	**309,807**

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No.350 "*Intangibles–Goodwill and Other*", applying a fair value based test and has concluded that there was no impairment for the years ended March 31, 2011 and 2010.

The components of acquired intangible assets excluding goodwill at March 31, 2011 and 2010 are as follows:

	Millions of yen		
March 31, 2011	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**¥ 194,656**	**¥ 127,164**	**¥ 67,492**
Technical license fees	**62,439**	**39,590**	**22,849**
Core and current technology	**122,211**	**27,801**	**94,410**
Other	**90,050**	**35,733**	**54,317**
Total	**¥ 469,356**	**¥ 230,288**	**¥ 239,068**
Other intangible assets not subject to amortization:			
Brand name			**34,047**
Other			**2,678**
Total			**36,725**
			¥ 275,793

	Millions of yen		
March 31, 2010	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 195,063	¥ 124,162	¥ 70,901
Technical license fees	62,440	32,457	29,983
Core and current technology	142,617	23,696	118,921
Other	81,096	28,356	52,740
Total	¥ 481,216	¥ 208,671	¥ 272,545
Other intangible assets not subject to amortization:			
Brand name			37,770
Other			3,018
Total			40,788
			¥ 313,333

March 31, 2011	Thousands of U.S. dollars		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**$ 2,345,253**	**$ 1,532,096**	**$ 813,157**
Technical license fees	**752,277**	**476,988**	**275,289**
Core and current technology	**1,472,422**	**334,952**	**1,137,470**
Other	**1,084,940**	**430,518**	**654,422**
Total	**$ 5,654,892**	**$ 2,774,554**	**$ 2,880,338**
Other intangible assets not subject to amortization:			
Brand name			**410,204**
Other			**32,265**
Total			**442,469**
			$ 3,322,807

Other intangible assets acquired during the year ended March 31, 2011 primarily consisted of software of ¥21,127 million ($254,542 thousand). The weighted-average amortization period of software for the year ended March 31, 2011 was approximately 4.9 years.

The weighted-average amortization periods for other intangible assets were approximately 11.3 years and 11.5 years for the years ended March 31, 2011 and 2010, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2011 and 2010 are ¥49,518 million ($596,602 thousand) and ¥42,410 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheets at March 31, 2011 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 44,092	$ 531,229
2013	37,923	456,904
2014	29,290	352,892
2015	19,009	229,024
2016	12,628	152,145

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 305,398**	¥ 310,715	**$ 3,679,494**
Goodwill acquired during the year	**2,653**	18,376	**31,964**
Other	**(24,598)**	(23,693)	**(296,361)**
Balance at end of year	**¥ 283,453**	¥ 305,398	**$ 3,415,097**

Other includes foreign currency translation adjustments and purchase price allocation adjustments.

As of March 31, 2011 and 2010, goodwill allocated within Social Infrastructure is ¥255,459 million ($3,077,819 thousand) and ¥276,321 million, respectively. The rest was mainly allocated within Digital Products.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2011 and 2010 consist of the following:

March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Loans, principally from banks, including bank overdrafts, with weighted-average interest rate of 1.99% at March 31, 2011 and 2.38% at March 31, 2010:			
Secured	¥ —	¥ 708	$ —
Unsecured	25,348	31,259	305,398
Commercial paper with weighted-average interest rate of 0.19% at March 31, 2011 and 0.12% at March 31, 2010	127,000	15,000	1,530,120
Euro yen medium-term notes of a subsidiary, with weighted-average interest rate of 0.27% at March 31, 2010	—	4,380	—
	¥ 152,348	¥ 51,347	$ 1,835,518

Substantially all of the short-term borrowings are with banks which have written basic agreements with the Company to the effect that, with respect to all present or future loans with such banks, the Company shall provide collateral (including sums on deposit with such banks) or guarantors immediately upon the bank's request and that any collateral furnished pursuant to such agreements or otherwise will be applicable to all indebtedness to such banks.

At March 31, 2011, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥352,495 million ($4,246,928 thousand), of which ¥2,495 million ($30,060 thousand) was in support of the Group's commercial paper. The lines of credit expire on various dates from April 2011 through March 2012. Under the agreements, the Group is required to pay commitment fees ranging from 0.040 percent to 0.250 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2011 and 2010 consist of the following:

March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Loans, principally from banks and insurance companies, due 2011 to 2029 with weighted-average interest rate of 1.52% at March 31, 2011 and due 2010 to 2029 with weighted-average interest rate of 1.34% at March 31, 2010:			
Secured	¥ —	¥ —	$ —
Unsecured	293,885	595,581	3,540,783
Unsecured yen bonds, due 2013 to 2020 with interest ranging from 0.89% to 2.20% at March 31, 2011 and due 2010 to 2016 with interest ranging from 1.05% to 2.20% at March 31, 2010	310,000	240,000	3,734,940
Interest deferrable and early redeemable subordinated bonds:			
Due 2069 with interest rate of 7.50% at March 31, 2011	180,000	180,000	2,168,675
Zero Coupon Convertible Bonds with stock acquisition rights:			
Due 2011 convertible at ¥542 per share at March 31, 2011	95,010	95,010	1,144,699
Euro yen medium-term notes of subsidiaries, due 2011 with interest rate of 1.31% at March 31, 2011 and due 2011 to 2014 with interest ranging from 1.31% to 1.67% at March 31, 2010	502	992	6,048
Capital lease obligations	49,561	55,372	597,121
	928,958	1,166,955	11,192,266
Less-Portion due within one year	(159,414)	(206,017)	(1,920,651)
	¥ 769,544	¥ 960,938	$ 9,271,615

Substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantees for such loans. Unsecured loan agreements may require prior approval by the banks and trustees before any distributions (including cash dividends) may be made from current or retained earnings.

The aggregate annual maturities of long-term debt, excluding those of capital lease obligations, are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 137,941	$ 1,661,940
2013	182,229	2,195,530
2014	178,884	2,155,229
2015	34,000	409,639
2016	81,004	975,952
Thereafter	265,339	3,196,855
	¥ 879,397	$ 10,595,145

12. ISSUANCE OF CONVERTIBLE BOND

In July, 2004, the Company issued ¥50,000 million Zero Coupon Convertible Bonds due 2009 (the "2009 Bonds") and ¥100,000 million Zero Coupon Convertible Bonds due 2011 (the "2011 Bonds").

The bonds include stock acquisition rights which entitle bondholders to acquire common stock under certain circumstances, and are exercisable on and after August 4, 2004 up to, and including, July 7, 2009 (in the case of the 2009 Bonds) and up to, and including, July 7, 2011 (in the case of the 2011 Bonds).

About the 2009 Bonds, exercisable period of the stock acquisition rights ended, and the principal amount of Bonds was redeemed at maturity.

The 2011 Bonds initial conversion prices are ¥542, subject to adjustment for certain events such as a stock split, consolidation of stock or issuance of stock at a consideration per share which is less than the current market price.

(Conditions allowing exercise of stock acquisition rights)

The period prior to (but not including) July 21, 2008 (in the case of the 2009 Bonds) or July 21, 2010 (in the case of the 2011 Bonds)	In the case that as of the last trading day of any calendar quarter, the closing price of the shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the conversion price in effect on each such trading day.
The period on or after July 21, 2008 (in the case of the 2009 Bonds) or July 21, 2010 (in the case of the 2011 Bonds)	At any time after the closing price of the shares on at least one trading day is more than 120% of the conversion price in effect on each such trading day.

The 2011 Bonds were not converted into shares of common stock for the year ended March 31, 2011.

The 2009 Bonds and the 2011 Bonds were not converted into shares of common stock for the year ended March 31, 2010.

The additional 175,295,212 shares relating to the potential conversion of the 2011 Bonds are included in the calculation of the diluted net income per share attributable to shareholders of the Company for the year ended March 31, 2011.

The additional 175,295,212 shares relating to the potential conversion of the 2011 Bonds are excluded from the calculation of the diluted net loss per share attributable to shareholders of the Company for the year ended March 31, 2010 due to their anti-dilutive effect.

13. ACCRUED PENSION AND SEVERANCE COSTS

All employees who retire or are terminated are usually entitled to lump-sum severance indemnities or pension benefits determined by reference to service credits allocated to employees each year according to the regulation of retirement benefit, length of service and conditions under which their employment terminates. The obligation for the severance indemnity benefit is provided for through accruals and funding of the defined benefit corporate pension plan.

Certain subsidiaries in Japan have tax-qualified non-contributory pension plans which cover all or a part of the indemnities payable to qualified employees at the time of termination.

The Company and certain subsidiaries in Japan have amended their pension plan under the agreement between employees and managements in January 2011, and introduced Cash Balance Plan from April 2011. This plan is designed that each plan participant has a notional account, which is accumulated based on salary standards, interest rates in financial markets and others.

The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

The changes in the benefit obligation and plan assets for the years ended March 31, 2011 and 2010 and the funded status at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥ 1,523,910**	¥ 1,380,791	**$ 18,360,361**
Service cost	**52,120**	47,904	**627,952**
Interest cost	**38,687**	44,282	**466,109**
Plan participants' contributions	**4,114**	3,889	**49,566**
Plan amendments	**(18,951)**	108	**(228,325)**
Actuarial loss	**28,533**	117,277	**343,771**
Benefits paid	**(83,185)**	(77,711)	**(1,002,229)**
Acquisitions and divestitures	**(10,638)**	11,273	**(128,169)**
Foreign currency exchange impact	**(10,124)**	(3,903)	**(121,976)**
Benefit obligation at end of year	**¥ 1,524,466**	¥ 1,523,910	**$ 18,367,060**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 800,883**	¥ 660,699	**$ 9,649,193**
Actual return on plan assets	**(7,926)**	117,554	**(95,494)**
Employer contributions	**52,207**	60,896	**629,000**
Plan participants' contributions	**4,114**	3,889	**49,566**
Benefits paid	**(51,773)**	(47,262)	**(623,771)**
Acquisitions and divestitures	**93**	7,586	**1,121**
Foreign currency exchange impact	**(7,199)**	(2,479)	**(86,735)**
Fair value of plan assets at end of year	**¥ 790,399**	¥ 800,883	**$ 9,522,880**
Funded status	**¥ (734,067)**	¥ (723,027)	**$ (8,844,180)**

Amounts recognized in the consolidated balance sheets at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Other assets	**¥ 870**	¥ 3,312	**$ 10,482**
Other current liabilities	**(628)**	(719)	**(7,566)**
Accrued pension and severance costs	**(734,309)**	(725,620)	**(8,847,096)**
	¥ (734,067)	¥ (723,027)	**$ (8,844,180)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Unrecognized actuarial loss	**¥ 587,066**	¥ 562,602	**$ 7,073,084**
Unrecognized prior service cost	**(40,922)**	(24,655)	**(493,036)**
	¥ 546,144	¥ 537,947	**$ 6,580,048**

The accumulated benefit obligation at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Accumulated benefit obligation	**¥ 1,436,210**	¥ 1,437,097	**$ 17,303,735**

The components of the net periodic pension and severance cost for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Service cost	**¥ 52,120**	¥ 47,904	**$ 627,952**
Interest cost on projected benefit obligation	**38,687**	44,282	**466,109**
Expected return on plan assets	**(28,748)**	(24,218)	**(346,362)**
Amortization of prior service cost	**(2,829)**	(2,762)	**(34,084)**
Recognized actuarial loss	**30,944**	32,426	**372,819**
Settlement loss	**8**	114	**96**
Net periodic pension and severance cost	**¥ 90,182**	¥ 97,746	**$ 1,086,530**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Current year actuarial loss	**¥ 65,207**	¥ 23,941	**$ 785,627**
Recognized actuarial loss	**(30,944)**	(32,426)	**(372,819)**
Prior service cost due to plan amendments	**(18,959)**	38	**(228,422)**
Amortization of prior service cost	**2,829**	2,762	**34,084**
	¥ 18,133	¥ (5,685)	**$ 218,470**

The estimated prior service cost and actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic pension and severance cost over the next year are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2012	2012
Prior service cost	¥ (4,084)	$ (49,205)
Actuarial loss	33,623	405,096

The Group expects to contribute ¥55,569 million ($669,506 thousand) to its defined benefit plans, included Cash Balance Plan, in the year ending March 31, 2012.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 88,391	$ 1,064,952
2013	86,337	1,040,205
2014	83,099	1,001,193
2015	89,395	1,077,048
2016	92,334	1,112,458
2017 - 2021	484,314	5,835,108

Weighted-average assumptions used to determine benefit obligations as of March 31, 2011 and 2010 and net periodic pension and severance cost for the years then ended are as follows:

March 31	**2011**	2010
Discount rate	**2.6%**	2.7%
Rate of compensation increase	**3.2%**	3.1%

Year ended March 31	**2011**	2010
Discount rate	**2.7%**	3.3%
Expected long-term rate of return on plan assets	**3.6%**	3.5%
Rate of compensation increase	**3.1%**	3.1%

The Group determines the expected long-term rate of return in consideration of the target allocation of the plan assets, the current expectation of long-term returns on the assets and actual returns on plan assets.

The Group's investment policies and strategies are to assure adequate plan assets to provide for future payments of pension and severance benefits to participants, with reasonable risks. The Group designs the basic target allocation of the plan assets to mirror the best portfolio based on estimation of mid-term and long-term return on the investments. The Group periodically reviews the actual return on the investments and adjusts the portfolio to achieve the assumed long-term rate of return on the investments. The Group targets its investments in equity securities at 40 percent or more of total investments, and investments in equity and debt securities at 75 percent or more of total investments.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Group has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds, municipal bonds and corporate bonds. Prior to investing, the Group has investigated the quality of the issue, including rating, interest rate, and repayment dates and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity securities and debt securities described above. Hedge funds are selected following a variety of strategies and fund managers, and the Group has appropriately diversified the investments. Real estate is selected for the eligibility of investment and expected return and other relevant factors, and the Group has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest and return of capital.

The three levels of input used to measure fair value are more fully described in Note 5. The plan assets that are measured at fair value at March 31, 2011 and 2010 by asset category are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 23,711	¥ —	¥ —	¥ 23,711
Equity securities:				
Japanese companies	93,142	—	—	93,142
Foreign companies	27,674	—	—	27,674
Pooled funds	29,457	231,664	—	261,121
Debt securities:				
Government bonds	75,670	—	—	75,670
Municipal bonds	—	959	—	959
Corporate bonds	—	24,680	—	24,680
Pooled funds	11,737	129,040	—	140,777
Other assets:				
Hedge funds	—	—	96,724	96,724
Real estate	—	—	17,311	17,311
Life insurance company general accounts	—	23,905	—	23,905
Other assets	—	4,725	—	4,725
Total	¥ 261,391	¥ 414,973	¥ 114,035	¥ 790,399

	Thousands of U.S. dollars			
March 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 285,675	$ —	$ —	$ 285,675
Equity securities:				
Japanese companies	1,122,193	—	—	1,122,193
Foreign companies	333,422	—	—	333,422
Pooled funds	354,904	2,791,132	—	3,146,036
Debt securities:				
Government bonds	911,686	—	—	911,686
Municipal bonds	—	11,554	—	11,554
Corporate bonds	—	297,349	—	297,349
Pooled funds	141,410	1,554,699	—	1,696,109
Other assets:				
Hedge funds	—	—	1,165,350	1,165,350
Real estate	—	—	208,566	208,566
Life insurance company general accounts	—	288,012	—	288,012
Other assets	—	56,928	—	56,928
Total	$ 3,149,290	$ 4,999,674	$ 1,373,916	$ 9,522,880

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 40% Japanese companies and 60% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% Japanese government bonds, 45% foreign government bonds, 30% municipal bonds and corporate bonds.

March 31, 2010	Millions of yen Level 1		Level 2		Level 3		Total	
Cash and cash equivalents	¥	16,633	¥	—	¥	—	¥	16,633
Equity securities:								
Japanese companies		111,412		—		—		111,412
Foreign companies		42,033		—		—		42,033
Pooled funds		—		249,493		—		249,493
Debt securities:								
Government bonds		82,272		—		—		82,272
Municipal bonds		—		955		—		955
Corporate bonds		—		19,001		—		19,001
Pooled funds		—		148,924		—		148,924
Other assets:								
Hedge funds		—		—		91,530		91,530
Real estate		—		—		22,871		22,871
Life insurance company general accounts		—		10,781		—		10,781
Other assets		—		4,978		—		4,978
Total	¥	252,350	¥	434,132	¥	114,401	¥	800,883

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 40% Japanese companies and 60% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 30% Japanese government bonds, 30% foreign government bonds, 40% municipal bonds and corporate bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets, and does not necessarily indicate the risks or ratings of the assets.

Level 1 plan assets represent marketable equity securities, pooled funds and government bonds, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 plan assets represent pooled funds that invest in equity securities and debt securities, corporate bonds and life insurance company general accounts. Pooled funds, which are classified as Level 2 asset, are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued based on quoted market prices for identical assets in inactive markets. Life insurance company general accounts are valued based on contracts. Level 3 plan assets represent hedge funds and real estate, which are valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

An analysis of the changes in Level 3 plan assets measured at fair value for the year ended March 31, 2011 and 2010 are as follows:

Year ended March 31, 2011	Millions of yen Hedge funds		Real estate		Total	
Balance at beginning of year	**¥**	**91,530**	**¥**	**22,871**	**¥**	**114,401**
Actual return:						
Relating to assets sold		**51**		**(1,810)**		**(1,759)**
Relating to assets still held		**5,944**		**(703)**		**5,241**
Purchases, issuances and settlements		**(801)**		**(3,047)**		**(3,848)**
Balance at end of year	**¥**	**96,724**	**¥**	**17,311**	**¥**	**114,035**

Year ended March 31, 2010	Millions of yen Hedge funds		Real estate		Total	
Balance at beginning of year	¥	84,898	¥	22,928	¥	107,826
Actual return:						
Relating to assets sold		(2,191)		—		(2,191)
Relating to assets still held		10,877		(1,588)		9,289
Purchases, issuances and settlements		(2,054)		1,531		(523)
Balance at end of year	¥	91,530	¥	22,871	¥	114,401

Year ended March 31, 2011	Thousands of U.S. dollars Hedge funds	Real estate	Total
Balance at beginning of year	$ 1,102,771	$ 275,554	$ 1,378,325
Actual return:			
Relating to assets sold	615	(21,807)	(21,192)
Relating to assets still held	71,615	(8,470)	63,145
Purchases, issuances and settlements	(9,651)	(36,711)	(46,362)
Balance at end of year	$ 1,165,350	$ 208,566	$ 1,373,916

Certain of the Group's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits were not material for the years ended March 31, 2011 and 2010.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥319,693 million ($3,851,723 thousand) and ¥311,751 million for the years ended March 31, 2011 and 2010, respectively.

15. ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs amounted to ¥32,299 million ($389,145 thousand) and ¥29,354 million for the years ended March 31, 2011 and 2010, respectively.

16. OTHER INCOME AND OTHER EXPENSE

FOREIGN EXCHANGE GAINS AND LOSSES

For the years ended March 31, 2011 and 2010, the net foreign exchange impacts were ¥3,113 million ($37,506 thousand) loss and ¥6,574 million gain, respectively.

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2011 and 2010, the sale and disposal of fixed assets resulted in net impacts of ¥19,001 million ($228,928 thousand) gain and ¥21,794 million loss, respectively. Gains on sales of fixed assets were ¥33,098 million ($398,771 thousand), and losses on disposal of fixed assets were ¥14,097 million ($169,843 thousand) for the year ended March 31, 2011. Gains on sales of fixed assets were ¥7,968 million, and losses on disposal of fixed assets were ¥29,762 million for the year ended March 31, 2010.

For the year ended March 31, 2011, the amount of losses related to the Great East Japan Earthquake of March 11, 2011 was not significant.

17. IMPAIRMENT OF LONG-LIVED ASSETS

Due to general price erosion and severe market competition, the Group recorded impairment losses of ¥19,023 million ($229,193 thousand) related primarily to the manufacturing facilities of the System LSI for the year ended March 31, 2011, and ¥3,203 million related primarily to the property, plant and equipment of the LCD business for the year ended March 31, 2010. The impairment loss is included in cost of sales in the accompanying consolidated statements of income.

For the year ended March 31, 2010, the Group recorded impairment loss of ¥15,817 million related to the stock transfer agreement of AFPD PTE., LTD. ("AFPD"), a manufacturing subsidiary in Singapore. The Group reduced book value of property, plant and equipment of AFPD in accordance with the transfer price of AFPD stock. This impairment loss is included in other expense in the accompanying consolidated statements of income. As of March 31, 2010, the carrying amount of property, plant and equipment in AFPD is ¥10,618 million. The Group transferred AFPD stock on July 1, 2010.

These impairment losses are both related to Electronic Devices.

18. INCOME TAXES

The Group is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 40.7 percent for the years ended March 31, 2011 and 2010.

A reconciliation table between the reported income tax expense and the amount computed by multiplying the income from continuing operations, before income taxes and noncontrolling interests by the applicable statutory tax rate is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Expected income tax expense	**¥ 79,588**	¥ 14,006	**$ 958,891**
Increase (decrease) in taxes resulting from:			
Tax credits	**(1,765)**	(2,106)	**(21,265)**
Non-deductible expenses for tax purposes	**3,271**	3,565	**39,410**
Net changes in valuation allowance	**(6,984)**	25,255	**(84,145)**
Tax rate difference relating to foreign subsidiaries	**(11,624)**	(11,613)	**(140,048)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	**(20,267)**	4,044	**(244,181)**
Other	**(1,499)**	383	**(18,060)**
Income tax expense	**¥ 40,720**	¥ 33,534	**$ 490,602**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Gross deferred tax assets:			
Inventories	**¥ 20,297**	¥ 20,418	**$ 244,542**
Accrued pension and severance costs	**119,503**	116,687	**1,439,795**
Tax loss carryforwards	**262,127**	288,567	**3,158,157**
Pension liability adjustment	**215,914**	213,856	**2,601,373**
Accrued expenses	**105,932**	108,128	**1,276,289**
Depreciation and amortization	**46,023**	49,329	**554,494**
Other	**128,940**	139,965	**1,553,494**
	898,736	936,950	**10,828,144**
Valuation allowance for deferred tax assets	**(269,639)**	(284,227)	**(3,248,662)**
Deferred tax assets	**¥ 629,097**	¥ 652,723	**$ 7,579,482**
Gross deferred tax liabilities:			
Inventories	**¥ (4,236)**	¥ (6,119)	**$ (51,036)**
Property, plant and equipment	**(10,125)**	(19,755)	**(121,988)**
Unrealized gains on securities	**(37,698)**	(39,550)	**(454,193)**
Gain on securities contributed to employee retirement benefit trusts	**(17,381)**	(17,381)	**(209,410)**
Undistributed earnings of foreign subsidiaries and affiliates	**(38,043)**	(56,122)	**(458,349)**
Goodwill and other intangible assets	**(60,767)**	(68,596)	**(732,133)**
Other	**(18,573)**	(12,365)	**(223,771)**
Deferred tax liabilities	**(186,823)**	(219,888)	**(2,250,880)**
Net deferred tax assets	**¥ 442,274**	¥ 432,835	**$ 5,328,602**

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2011 and 2010 were ¥75,515 million ($909,819 thousand) and ¥57,802 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2011 and 2010 were a decrease of ¥14,588 million ($175,759 thousand) and an increase of ¥8,800 million, respectively.

The amount of adjustments of the beginning-of-the-year balance of the valuation allowance because of a change in judgement about the realizability of the related deferred tax assets in future years for the year ended March 31, 2011 were ¥11,389 million ($137,217 thousand). The amounts of adjustments for the year ended March 31, 2010 were not significant.

The Group's tax loss carryforwards for each of the corporate and local taxes at March 31, 2011 amounted to ¥603,131 million ($7,266,639 thousand) and ¥715,231 million ($8,617,241 thousand), respectively, the majority of which will expire during the period from 2012 through 2017. The Group utilized tax loss carryforwards of ¥119,953 million ($1,445,217 thousand) and ¥24,240 million to reduce current corporate taxes and ¥68,530 million ($825,663 thousand) and ¥10,829 million to reduce current local taxes, respectively, during the years ended March 31, 2011 and 2010.

Realization of tax loss carryforwards and other deferred tax assets is dependent on the Group generating sufficient taxable income prior to their expiration or the Group exercising certain available tax strategies. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, less the valuation allowance, will be realized. The amount of such net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

A reconciliation table of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 4,493**	¥ 4,360	**$ 54,132**
Additions for tax positions of the current year	**598**	804	**7,205**
Additions for tax positions of prior years	**683**	40	**8,229**
Reductions for tax positions of prior years	**(72)**	(464)	**(868)**
Lapse of statute of limitations or closed audits	**(1,772)**	(29)	**(21,349)**
Foreign currency translation adjustments	**(457)**	(218)	**(5,506)**
Balance at end of year	**¥ 3,473**	¥ 4,493	**$ 41,843**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥2,274 million ($27,398 thousand) and ¥3,838 million at March 31, 2011 and 2010, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2011 and 2010, and interest and penalties included in income taxes for the years ended March 31, 2011 and 2010 are not material.

The Group believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Group is aware at March 31, 2011, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Group files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Group is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2008 with few exceptions. In other major foreign tax jurisdictions, the Group is no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2006 with few exceptions.

19. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 10,000,000,000.

The change in the total number of shares issued for the years ended March 31, 2011 and 2010 are as follows:

	Shares	
Year ended March 31	**2011**	2010
Shares issued at beginning of year	**4,237,602,026**	3,237,602,026
Increase due to issuance of new shares	**—**	1,000,000,000
Shares at end of year	**4,237,602,026**	4,237,602,026

The Company issued 897,000,000 shares by way of public offering on June 3, 2009 and 103,000,000 shares by way of third-party allotment on June 23, 2009, respectively. As a result, stated capital and additional paid-in capital of the

Company's consolidated balance sheets increased by ¥159,620 million and ¥157,921 million from both issuances, respectively, for the year ended March 31, 2010.

RETAINED EARNINGS

Retained earnings at March 31, 2011 and 2010 included a legal reserve of ¥24,129 million ($290,711 thousand) and ¥25,103 million, respectively. The Corporation Law of Japan provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further distributions are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also provides that additional paid-in capital and legal reserve are available for distributions by the resolution of the stockholders.

The amount of retained earnings available for distributions is based on the Company's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan. Retained earnings at March 31, 2011 do not reflect current year-end distributions of ¥12,705 million ($153,072 thousand) which started to be paid from June 1, 2011.

Retained earnings at March 31, 2011 included the Group's equity in undistributed earnings of equity method investees in the amount of ¥97,258 million ($1,171,783 thousand).

The Company resolved, at the board of directors meeting held on May 7, 2010, the submission of the disposition of the Company's other capital surplus based on Article 452 of the Corporation Law of Japan. As a result, the additional paid-in capital was reduced by ¥46,772 million ($563,518 thousand), and the retained earnings was increased by the same amount effective June 30, 2010 on the Company's consolidated balance sheets.

ACCUMULATED OTHER COMPREHENSIVE LOSS

Analyses of the changes in accumulated other comprehensive loss, net of tax, for the years ended March 31, 2011 and 2010 are shown below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Net unrealized gains and losses on securities:			
Balance at beginning of year	**¥ 73,226**	¥ 21,639	**$ 882,241**
Current year change	**(10,771)**	51,587	**(129,771)**
Balance at end of year	**¥ 62,455**	¥ 73,226	**$ 752,470**
Foreign currency translation adjustments:			
Balance at beginning of year	**¥ (231,467)**	¥ (222,773)	**$ (2,788,760)**
Current year change	**(43,641)**	(8,694)	**(525,795)**
Balance at end of year	**¥ (275,108)**	¥ (231,467)	**$ (3,314,555)**
Pension liability adjustments:			
Balance at beginning of year	**¥ (303,348)**	¥ (314,578)	**$ (3,654,795)**
Current year change	**(5,333)**	11,230	**(64,253)**
Balance at end of year	**¥ (308,681)**	¥ (303,348)	**$ (3,719,048)**
Net unrealized gains and losses on derivative instruments:			
Balance at beginning of year	**¥ (2,661)**	¥ (2,284)	**$ (32,060)**
Current year change	**2,599**	(377)	**31,313**
Balance at end of year	**¥ (62)**	¥ (2,661)	**$ (747)**
Total accumulated other comprehensive loss:			
Balance at beginning of year	**¥ (464,250)**	¥ (517,996)	**$ (5,593,374)**
Current year change	**(57,146)**	53,746	**(688,506)**
Balance at end of year	**¥ (521,396)**	¥ (464,250)	**$ (6,281,880)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2011 and 2010 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2011:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**¥ (16,708)**	**¥ 4,077**	**¥ (12,631)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**3,132**	**(1,272)**	**1,860**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(51,637)**	**(2,764)**	**(54,401)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**10,760**	**—**	**10,760**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(36,034)**	**14,819**	**(21,215)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**26,785**	**(10,903)**	**15,882**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**3,043**	**(1,519)**	**1,524**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**1,727**	**(652)**	**1,075**
Other comprehensive loss	**¥ (58,932)**	**¥ 1,786**	**¥ (57,146)**
For the year ended March 31, 2010:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	¥ 71,573	¥ (21,747)	¥ 49,826
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	2,972	(1,211)	1,761
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(7,241)	(1,707)	(8,948)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	254	—	254
Pension liability adjustments:			
Pension liability adjustments arising during year	(9,030)	3,429	(5,601)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	28,383	(11,552)	16,831
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(660)	225	(435)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	64	(6)	58
Other comprehensive income	¥ 86,315	¥ (32,569)	¥ 53,746

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2011:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**$ (201,301)**	**$ 49,120**	**$ (152,181)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**37,735**	**(15,325)**	**22,410**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(622,133)**	**(33,301)**	**(655,434)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**129,639**	**—**	**129,639**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(434,144)**	**178,542**	**(255,602)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**322,710**	**(131,361)**	**191,349**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**36,663**	**(18,302)**	**18,361**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**20,807**	**(7,855)**	**12,952**
Other comprehensive loss	**$ (710,024)**	**$ 21,518**	**$ (688,506)**

TAKEOVER DEFENSE MEASURE

The Company introduced a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), based on the shareholders' approval of the Plan for the purpose of protection and enhancement of the corporate value of the Company and the common interests of shareholders.

Specifically, if an acquirer commences or plans to commence an acquisition or a tender offer that would result in the acquirer holding 20% or more of the shares issued by the Company, the Company will require the acquirer to provide the necessary information in advance to its board of directors. The Special Committee that solely consists of outside directors who are independent from the Company's management will, at its discretion, obtain advice from outside experts, evaluate and consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, evaluate, consider and disclose any alternative proposal presented by the Company's representative executive officers, and negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the acquisition would damage the corporate value of the Company or the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the countermeasures (a gratis allotment of stock acquisition rights (shinkabu yoyakuken no mushou wariate), with a condition of which will be that they cannot be exercised by acquirers or the like and subject to call to the effect that the Company can acquire stock acquisition rights from those other than such acquirers in exchange for shares of the Company) are to be implemented in accordance with the recommendation by the Special Committee or the resolution passed at the general meeting for confirming shareholders' intention and the Company will ensure the corporate value of the Company and the common interests of shareholders.

20. NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following reconciliation table of the numerators and denominators sets forth the computation of basic and diluted net earnings (loss) per share attributable to shareholders of the Company for the years ended March 31, 2011 and 2010.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Income (loss) from continuing operations attributable to shareholders of the Company	**¥ 145,975**	¥ (13,712)	**$ 1,758,735**
Loss from discontinued operations attributable to shareholders of the Company	**(8,130)**	(6,031)	**(97,952)**
Net income (loss) attributable to shareholders of the Company	**¥ 137,845**	¥ (19,743)	**$ 1,660,783**

	Thousands of shares	
Year ended March 31	**2011**	2010
Weighted-average number of shares of common stock outstanding for the year	**4,235,297**	4,004,801
Incremental shares from assumed conversions of dilutive convertible debentures	**175,295**	—
Weighted-average number of shares of diluted common stock outstanding for the year	**4,410,592**	4,004,801

	Yen		U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Earnings (loss) from continuing operations per share attributable to shareholders of the Company:			
—Basic	**¥ 34.47**	¥ (3.42)	**$ 0.41**
—Diluted	**33.10**	(3.42)	**0.40**
Loss from discontinued operations per share attributable to shareholders of the Company:			
—Basic	**¥ (1.92)**	¥ (1.51)	**$ (0.02)**
—Diluted	**(1.92)**	(1.51)	**(0.02)**
Net earnings (loss) per share attributable to shareholders of the Company:			
—Basic	**¥ 32.55**	¥ (4.93)	**$ 0.39**
—Diluted	**31.25**	(4.93)	**0.38**

Due to their anti-dilutive effect, incremental shares from assumed conversions of dilutive convertible debentures are excluded from the calculation of diluted net loss from discontinued operations per share attributable to shareholders of the Company for the year ended March 31, 2011, and diluted net loss per share attributable to shareholders of the Company for the year ended March 31, 2010.

Net earnings (loss) per share attributable to shareholders of the Company are computed independently for income (loss) from continuing operations attributable to shareholders of the Company, loss from discontinued operations attributable to shareholders of the Company, and net income (loss) attributable to shareholders of the Company. Consequently, the sum of diluted per share amounts from continuing operations and discontinued operations for the year ended March 31, 2011 may not equal diluted per share amounts for net earnings.

21. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates internationally, giving rise to exposure to market risks from fluctuations in foreign currency exchange and interest rates. In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted principally of forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to reduce its exposures. The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

The Group is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments, but the Group does not anticipate any credit-related loss from nonperformance by the counterparties because the counterparties are financial institutions of high credit standing and contracts are diversified across a number of major financial institutions.

The Group has entered into forward exchange contracts with financial institutions as hedges against fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies. The forward exchange contracts related to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies, mature primarily within a few years of the balance sheet date.

Interest rate swap agreements, currency swap agreements and currency options are used to limit the Group's exposure to losses in relation to underlying debt instruments and accounts receivable and payable denominated in foreign currencies resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 2011 to 2015.

Forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options are designated as either fair value hedges or cash flow hedges, except for some contracts, depending on accounts receivable and payable denominated in foreign currencies or commitments on future trade transactions and the interest rate characteristics of the underlying debt as discussed below.

Fair Value Hedge Strategy

The forward exchange contracts and currency swap agreements utilized by the Group effectively reduce fluctuation in fair value of accounts receivable and payable denominated in foreign currencies.

The interest rate swap agreements utilized by the Group effectively convert a portion of its fixed-rate debt to a floating-rate basis.

The gain or loss on the derivative financial instruments designated as fair value hedges is offset by the loss or gain on the hedged items in the same location of the consolidated statements of income.

Cash Flow Hedge Strategy

The forward exchange contracts utilized by the Group effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies for the next 5 years.

The interest rate swap agreements utilized by the Group effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next 3 years.

The Group expects to reclassify ¥342 million ($4,120 thousand) of net income on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

Derivatives Not Designated as Hedging Instruments Strategy

The Group has entered into certain forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to offset the earnings impact related to fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies and in interest rates on debt instruments. Although some of these contracts have not been designated as hedges as required in order to apply hedge accounting, the contracts are effective from an economic perspective. The changes in the fair value of those contracts are recorded in earnings immediately.

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements and currency options outstanding at March 31, 2011 and 2010 are summarized below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Forward exchange contracts:			
To sell foreign currencies	**¥ 147,035**	¥ 183,818	**$ 1,771,506**
To buy foreign currencies	**173,175**	133,862	**2,086,446**
Interest rate swap agreements	**120,982**	249,050	**1,457,614**
Currency swap agreements	**230,461**	182,468	**2,776,639**
Currency options	**—**	41,984	**—**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial instruments and the location in the consolidated balance sheets at March 31, 2011 and 2010 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
March 31	Location	**2011**	2010	**2011**
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**¥ 4,514**	¥ 323	**$ 54,386**
Interest rate swap agreements	Prepaid expenses and other current assets	**2**	9	**24**
Currency swap agreements	Prepaid expenses and other current assets	**—**	255	**—**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,459)**	(506)	**(17,578)**
Interest rate swap agreements	Other liabilities	**(2,394)**	(5,168)	**(28,843)**
Currency swap agreements	Other current liabilities	**(1,241)**	—	**(14,952)**
	Other liabilities	**—**	(409)	**—**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**1,811**	1,163	**21,819**
Currency swap agreements	Prepaid expenses and other current assets	**1,716**	—	**20,675**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,534)**	(807)	**(18,482)**
Interest rate swap agreements	Other liabilities	**(13)**	—	**(157)**
Currency swap agreements	Other current liabilities	**—**	(13)	**—**
Currency options	Other current liabilities	**—**	(162)	**—**

March 31	Millions of yen 2011 Carrying amount		Millions of yen 2011 Fair value		2010 Carrying amount		2010 Fair value	
Nonderivatives:								
Liabilities:								
Long-term debt, including current portion	**¥**	**(879,397)**	**¥**	**(882,341)**	¥	(1,111,583)	¥	(1,121,241)

March 31	Thousands of U.S. dollars 2011 Carrying amount	Thousands of U.S. dollars 2011 Fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	**$ (10,595,145)**	**$ (10,630,614)**

The above table excludes the financial instruments for which fair values approximate their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 6.

In assessing the fair value of these financial instruments, the Group uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes and accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices are used for a part of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes, or where market quotes are not available, using estimated discounted future cash flows. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments. These fair values are not necessarily indicative of the amounts that could be realized in a current market exchange.

The effect of derivative instruments on the consolidated statements of income for the year ended March 31, 2011 is as follows:

Cash flow hedge:

	Millions of yen Amount of gain (loss) recognized in OCI Amount recognized		Amount of gain (loss) reclassified from accumulated OCI into income (loss) Location	Amount of gain (loss) reclassified from accumulated OCI into income (loss) Amount recognized		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing) Location	Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing) Amount recognized	
Forward exchange contracts	**¥**	**2,181**	Other income	**¥**	**1,355**	Other income	**¥**	**284**
Interest rate swap agreements		**(657)**	Other expense		**(2,430)**	Other income		**8**

Derivatives not designated as hedging instruments:

	Millions of yen Amount of gain (loss) recognized in income (loss) Location	Amount of gain (loss) recognized in income (loss) Amount recognized	
Forward exchange contracts	Other income	**¥**	**1,611**
Currency options	Other income		**162**

Cash flow hedge:

	Thousands of U.S. dollars				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	$ **26,277**	Other income	$ **16,325**	Other income	$ **3,422**
Interest rate swap agreements	**(7,916)**	Other expense	**(29,277)**	Other income	**96**

Derivatives not designated as hedging instruments:

	Thousands of U.S. dollars	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	$ **19,410**
Currency options	Other income	**1,952**

The effect of derivative instruments on the consolidated statements of income for the year ended March 31, 2010 is as follows:
Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	¥ 922	Other expense	¥ (58)	Other income	¥ 1,681
Interest rate swap agreements	(1,357)			Other expense	(2)

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 1,676
Currency options	Other expense	(162)

22. LEASES

The Group leases manufacturing equipment, office and warehouse space, and certain other assets under operating leases. Rent expenses under such leases for the years ended March 31, 2011 and 2010 were ¥147,760 million ($1,780,241 thousand) and ¥150,780 million, respectively.

The Group also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2011 and 2010, the costs under capital leases were approximately ¥75,400 million ($908,434 thousand) and ¥90,300 million, and the related accumulated amortization were approximately ¥31,700 million ($381,928 thousand) and ¥34,500 million, respectively.

As of March 31, 2011 and 2010, the costs under capital leases from TFC and Toshiba Medical Finance Co., Ltd., affiliates of the Company, were approximately ¥47,800 million ($575,904 thousand) and ¥61,100 million, and the related accumulated amortization were approximately ¥22,100 million ($266,265 thousand) and ¥23,700 million, respectively.

Minimum lease payments for the Group's capital and non-cancelable operating leases as of March 31, 2011 are as follows:

Year ending March 31	Millions of yen Capital leases		Millions of yen Operating leases		Thousands of U.S. dollars Capital leases		Thousands of U.S. dollars Operating leases	
2012	¥	23,487	¥	71,426	$	282,976	$	860,554
2013		9,798		53,275		118,048		641,867
2014		6,412		20,557		77,253		247,675
2015		3,721		5,703		44,831		68,711
2016		2,434		5,027		29,325		60,566
Thereafter		26,024		21,190		313,543		255,302
Total minimum lease payments		71,876	¥	177,178		865,976	$	2,134,675
Executory costs		(2,405)				(28,976)		
Amounts representing interest		(19,910)				(239,879)		
Present value of net minimum lease payments		49,561				597,121		
Less—current portion		(21,473)				(258,711)		
	¥	28,088			$	338,410		

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and unconditional purchase obligation for license fees outstanding at March 31, 2011 totaled approximately ¥39,086 million ($470,916 thousand).

As of March 31, 2011, contingent liabilities, other than guarantees disclosed in Note 24, approximated ¥1,781 million ($21,458 thousand) mainly for recourse obligations related to notes receivable transferred.

24. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Group guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Group's products and services. Expiration dates vary from 2011 to 2020 as of March 31, 2011 or terminate on payment and/or cancellation of the obligation. A payment by the Group would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥68,224 million ($821,976 thousand) as of March 31, 2011.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Group guarantees housing loans of its employees. The term of the guarantees is equal to the term of the related loans which range from 5 to 25 years. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. The maximum potential payments under these guarantees were ¥8,006 million ($96,458 thousand) as of March 31, 2011. However, the Group expects that the majority of such payments would be reimbursed through the Group's insurance policy.

RESIDUAL VALUE GUARANTEES UNDER SALE AND LEASEBACK TRANSACTIONS

The Group has entered into several sale and leaseback transactions in which certain manufacturing equipment was sold and leased back. The Group may be required to make payments for residual value guarantees in connection with these transactions. The operating leases will expire on various dates through February 2014. The maximum potential payments by the Group for such residual value guarantees were ¥78,954 million ($951,253 thousand) as of March 31, 2011.

GUARANTEES OF DEFAULTED NOTES AND ACCOUNTS RECEIVABLE

The Group has transferred trade notes and accounts receivable under several securitization programs. Upon certain sales of trade notes and accounts receivable, the Group holds a repurchase obligation, which the Group is required to perform upon default of the trade notes and accounts receivable. The trade notes and accounts receivable generally mature within 3 months. The maximum potential payment for such repurchase obligation was ¥7,707 million ($92,855 thousand) as of March 31, 2011.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2011 were not significant.

WARRANTY

Estimated warranty costs are accrued for at the time a product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience.

The following is a reconciliation table of the product warranty accrual for the years ended March 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 44,181**	¥ 38,837	**$ 532,301**
Warranties issued	**29,969**	35,080	**361,072**
Settlements made	**(34,875)**	(33,948)	**(420,181)**
Foreign currency translation adjustments	**(2,314)**	(975)	**(27,879)**
Other	**—**	5,187	**—**
Balance at end of year	**¥ 36,961**	¥ 44,181	**$ 445,313**

Other includes the warranties assumed in the acquisition of hard disk drive ("HDD") business from Fujitsu.

25. LEGAL PROCEEDINGS

In January 2007, the European Commission adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it is bringing an action to the European Court of First Instance seeking annulment of the European Commission's decision.

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. There is a possibility that such case may arise in the future. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgement or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition. The possibility cannot be stated as nil that, under certain circumstances, an action is filed that has an extremely remote chance of a ruling that requires payment but involves an appeal for a significant amount of money.

The Group's Management believes that there are meritorious defenses to all of these legal procedures, including lawsuits and investigations. Based on the information currently available to both the Group and its legal counsel, Management believes that such legal procedures, if any, would not have a material adverse effect on the financial position or the results of operations of the Group.

26. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, "Law Concerning Special Measure against poly chlorinated biphenyl ("PCB") waste" requires PCB waste holders to dispose of all PCB waste by July 2016. The Group accrued ¥9,213 million ($111,000 thousand) and ¥9,030 million at March 31, 2011 and 2010, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Group's operations in Japan have retained.

The Westinghouse Group, consolidated subsidiaries of the Company, is subject to federal, state and local laws and regulations relating to the discharge of pollutants into the environment, the disposal of hazardous wastes and other related activities affecting the environment, and which have had and will continue to have an impact on the Group. It is difficult to estimate the timing and ultimate costs to be incurred in the future due to uncertainties about the status of laws, regulations and technology; the adequacy of information available for individual sites; the extended time periods over which site remediation occurs; the availability of waste disposal capacity; and the identification of new sites. The Group has, however, recognized an estimated liability of ¥6,569 million ($79,145 thousand) and ¥6,695 million as of March 31, 2011 and 2010, respectively, measured in current dollars, for those sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

The accrual will be adjusted as assessment and remediation efforts progress or as additional technical or legal information become available. Management is of the opinion that the ultimate costs in excess of the amount accrued, if any, would not have a material adverse effect on the financial position or the results of operations of the Group.

27. ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations in accordance with ASC No.410 "*Asset Retirement and Environmental Obligations*" .

Asset retirement obligation was related primarily to the decommissioning of nuclear power facilities. These obligations address the decommissioning, clean up and release for acceptable alternate use of such facilities.

The changes in the carrying amount of asset retirement obligations for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 29,642**	¥ 25,458	**$ 357,133**
Accretion expense	**677**	1,076	**8,157**
Liabilities settled	**(5,605)**	(1,419)	**(67,530)**
Liabilities incurred	**4,347**	5,526	**52,373**
Foreign currency translation adjustments	**(2,423)**	(999)	**(29,193)**
Balance at end of year	**¥ 26,638**	¥ 29,642	**$ 320,940**

28. BUSINESS COMBINATIONS

On May 7, 2009, the Group acquired 52% of the outstanding shares of Nuclear Fuel Industries, Ltd. ("NFI"), from Furukawa Electric Co., Ltd. and Sumitomo Electric Industries, Ltd. with the intention of expanding the Group's Nuclear Power Systems business by establishing a market presence in Japan and building a fuel production platform in Asia.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805 "*Business Combinations*" ("ASC No.805"). The total purchase price for the acquisition was ¥11,526 million in cash. Of the total price, ¥13,680 million was allocated to property, plant and equipment, ¥10,070 million to noncontrolling interests, ¥8,054 million to amortizable intangible asset, ¥248 million to net liability assumed and ¥110 million to goodwill. The acquired intangible assets primarily consisted of contracted customer relationships. The Group is amortizing the intangible assets over a weighted-average estimated life of 16.5 years.

The operating results of NFI are included in the Company's consolidated statements of income from May 2009 onward.

On April 30, 2009, the Group and Fujitsu concluded an agreement on the transfer of Fujitsu's HDD business to the Group. To effect the transfer, Fujitsu spun off its HDD business into a newly incorporated entity called Toshiba Storage Device Corporation ("TSDC"), and on October 1, 2009, the Group acquired 80.1% of the shares of TSDC in cash.

The Group expects to achieve great synergies from this acquisition by: (i) expanding market share in the comprehensive area of data storage by leveraging its position as a leading vendor of small form factor HDDs and integrating Fujitsu's enterprise HDD business; and (ii) fulfilling a wide range of storage device demand by adding solid state drive products to its product line, which will be newly developed by integrating its flash memory technology with Fujitsu's enterprise HDD technology.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price and the fair values of noncontrolling interests to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen		Thousands of U.S. dollars	
Purchase price	¥	21,206	$	255,494
Noncontrolling interests		4,214		50,771
Total	¥	25,420	$	306,265
Current assets	¥	42,340	$	510,120
Non-current assets		13,067		157,434
Current liabilities		25,989		313,120
Non-current liabilities		4,085		49,217
Total identifiable net assets acquired	¥	25,333	$	305,217

The excess of the purchase price and fair value of noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed was recorded as goodwill.

Operating results of TSDC is included in the Company's consolidated statements of income from the acquisition date.

The Group acquired all the remaining shares of TSDC held by Fujitsu on December 28, 2010. With the completion of the transaction, TSDC has become a wholly owned subsidiary of the Company.

On December 15, 2009, the Group increased its ownership in its former affiliate Chevalier (HK) Limited and its subsidiaries ("Chevalier (HK)") by acquiring an additional 2% stake to 51% in cash and consequently acquired a controlling financial interest of Chevalier (HK). The investment is intended to further strengthen the Group's presence in lifts and escalators industries of the global market, mainly in China and Southeast Asia.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price and the fair values of noncontrolling interests to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen		Thousands of U.S. dollars	
Purchase price	¥	8,455	$	101,868
Noncontrolling interests		7,767		93,578
Total	¥	16,222	$	195,446
Current assets	¥	4,408	$	53,108
Non-current assets		165		1,988
Intangible assets subject to amortization		11,974		144,265
Current liabilities		3,281		39,530
Non-current liabilities		1,980		23,855
Total identifiable net assets acquired	¥	11,286	$	135,976

Identifiable intangible assets acquired mainly consist of customer relationships based on maintenance contracts. The Group is amortizing the intangible assets over a weighted-average estimated life of 17.8 years.

The excess of the purchase price and fair value of noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥4,936 million ($59,470 thousand), which was recorded as goodwill and allocated within Social Infrastructure. Among the factors that contributed to the recognition of goodwill was the predominance of the Chevalier Group in Chinese and Southeast Asian market based on its trustful long-term relationships with customers.

Operating results of Chevalier (HK) are included in the Company's consolidated statements of income from the acquisition date.

Pro-forma result of operation as a result of the above business combinations is immaterial for the year ended March 31, 2010.

29. Variable Interest Entities

The Company adopted ASU 2009-17 beginning with the fiscal year ended March 31, 2011. ASU 2009-17, amends ASC No.810, thereby removing scope exemptions for a qualifying special-purpose entity ("QSPE") as a result of the elimination of the QSPE concept by ASU 2009-16. It requires that an entity determines the need for consolidating a variable interest entity ("VIE") based on qualitative analysis and for revising its evaluation on a continuous basis. Moreover, additional disclosure of an enterprise's involvement with a VIE is required.

The Group recognizes entities, in accordance with ASC No.810, as VIEs that have either (a) equity investors whose voting right is limited and not having an ability to control it effectively or (b) insufficient equity to permit the entity to finance its activities without additional subordinated financial support. The Group retains variable interests through equity investments, loans and guarantees. In evaluating whether the Group is the primary beneficiary of the VIE and consolidates it, the Group assesses if the Group has both (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

VIEs, of which the Group is the primary beneficiary, are involved in Social Infrastructure, and most of those are entities involved in the Power and Industrial Systems. The Group has both the power to direct the activities that most significantly affect those VIEs' economic performance and the obligation to absorb losses or the right to receive benefits from the VIEs. The Group is also required to contribute capital to each VIE on an as needed basis based on percentage of ownership interest.

As of March 31, 2011 and 2010, the total assets of VIEs on the consolidated balance sheets were ¥8,986 million ($108,265 thousand) and ¥3,710 million, and the total liabilities of VIEs on the consolidated balance sheets were ¥2,669 million ($32,157 thousand) and ¥1,090 million, respectively. The assets consisted primarily of accounts receivable, and property, plant and equipment. The liabilities consisted primarily of accounts payable and long-term debt. The assets are restricted for use only by those VIEs, and are not available for the Group's general operations. In addition, the creditors or beneficial interest holders of those VIEs do not have recourse to the general credit of the Group.

Unconsolidated Variable Interest Entities

VIEs, of which the Group is not the primary beneficiary but retains significant variable interests, are involved in Electronic Devices and Social Infrastructure. Unconsolidated VIEs involved in Electronic Devices are joint ventures established with SanDisk Corporation ("SanDisk") for the purpose of strengthening the production of NAND flash memories. For those joint ventures, the Group and SanDisk have an equally sharing power. Unconsolidated VIEs involved in Social Infrastructure supply electric equipments to electric power operators. The Group is not the primary beneficiary of those VIEs because the Group does not have the power to direct the activities that most significantly affect those VIEs' economic performance. The Group accounts for those VIEs under the equity method.

As of March 31, 2011 and 2010, the total assets of those VIEs, carrying amounts of assets and liabilities that relate to the Group's variable interests in the VIEs and the Group's maximum exposures to losses as a result of the Group's involvement with the VIEs are summarized as follows:

	Millions of yen	
March 31, 2011	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	**¥ 417,904**	**¥ 74,271**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**175,689**	**48,704**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**25,650**	**—**
Maximum exposures to losses	**¥ 217,230**	**¥ 48,704**

	Millions of yen	
March 31, 2010	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	¥ 345,741	¥ 37,762
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	157,964	15,716
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	13,489	—
Maximum exposures to losses	¥ 232,519	¥ 15,716

March 31, 2011	Thousands of U.S. dollars	
	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	$ 5,034,988	$ 894,831
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	2,116,735	586,795
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	309,036	—
Maximum exposures to losses	$ 2,617,229	$ 586,795

Carrying amounts of assets that relate to the Group's variable interests in the VIEs consisted primarily of investment in and advances to affiliates. The Group's maximum exposures to losses, which include primarily equity investments, loans and guarantees, generally do not have any relations to the losses anticipated to be incurred from the Group's involvement with the VIEs and are considered to exceed the anticipated losses significantly.

30. SEGMENT INFORMATION

Beginning with the fiscal year ended March 31, 2010, the Company adopted ASC No.280 "*Segment Reporting*". The segments reported below are the components of the Group for which discrete financial information is available and whose results are regularly reviewed by the management of the Group to make decisions about allocation on resources and assess performance.

The Group evaluates the performance of its business segments based on segment operating income (loss). The Group's segment operating income (loss) is derived by deducting the segment's cost of sales and selling, general and administrative expenses from net sales. Certain operating expenses such as restructuring charges and gains (losses) from the sales or disposal of fixed assets are not included in it.

The Group has 5 business segments, (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances and (5)Others, identified in accordance with the similarities of the nature of the products, the production processes and markets, etc.

The business segments information is disclosed in the current classification, following changes of the structure of the Group's internal organization at the beginning with the fiscal year ended March 31, 2011.

Principal products that belong to each segment are as follows.

(1) Digital Products: Personal computers, Visual products, Hard disk drives, Multi-function peripherals, etc.
(2) Electronic Devices: Semiconductors, Liquid crystal displays, etc.
(3) Social Infrastructure: Energy-related equipment, Medical equipment, IT solutions, Elevators, etc.
(4) Home Appliances: Refrigerators, Washing drying machines, Light fixtures, Air-conditioners, etc.
(5) Others: Logistics Service, etc.

BUSINESS SEGMENTS

Financial information by segments as of and for the years ended March 31, 2011 and 2010 are as follows:

As of and for the year ended March 31, 2011 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 2,228,815	¥ 1,294,981	¥ 2,192,759	¥ 578,211	¥ 103,739	¥ 6,398,505	¥ —	¥ 6,398,505
(2) Intersegment	99,822	52,727	74,888	21,574	249,160	498,171	(498,171)	—
Total	¥ 2,328,637	¥ 1,347,708	¥ 2,267,647	¥ 599,785	¥ 352,899	¥ 6,896,676	¥ (498,171)	¥ 6,398,505
Segment operating income (loss)	¥ 13,185	¥ 86,841	¥ 137,120	¥ 8,751	¥ (7,612)	¥ 238,285	¥ 1,988	¥ 240,273
Identifiable assets	¥ 1,010,655	¥ 1,251,931	¥ 2,537,293	¥ 341,103	¥ 343,086	¥ 5,484,068	¥ (104,749)	¥ 5,379,319
Depreciation and amortization	31,022	134,565	68,576	16,831	7,796	258,790	—	258,790
Capital expenditures	26,189	116,587	96,447	13,928	8,518	261,669	—	261,669

As of and for the year ended March 31, 2010 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 2,163,713	¥ 1,226,228	¥ 2,253,638	¥ 560,931	¥ 86,698	¥ 6,291,208	¥ —	¥ 6,291,208
(2) Intersegment	99,458	43,814	65,373	18,915	258,834	486,394	(486,394)	—
Total	¥ 2,263,171	¥ 1,270,042	¥ 2,319,011	¥ 579,846	¥ 345,532	¥ 6,777,602	¥ (486,394)	¥ 6,291,208
Segment operating income (loss)	¥ 21,286	¥ (20,443)	¥ 137,208	¥ (5,386)	¥ (7,667)	¥ 124,998	¥ 250	¥ 125,248
Identifiable assets	¥ 1,085,265	¥ 1,286,531	¥ 2,458,803	¥ 362,171	¥ 377,759	¥ 5,570,529	¥ (119,356)	¥ 5,451,173
Depreciation and amortization	34,306	167,881	67,427	19,455	7,928	296,997	—	296,997
Capital expenditures	21,066	107,223	100,211	17,523	9,845	255,868	—	255,868

As of and for the year ended March 31, 2011 — Thousands of U.S. dollars

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	**$ 26,853,194**	**$ 15,602,181**	**$ 26,418,783**	**$ 6,966,397**	**$ 1,249,867**	**$ 77,090,422**	**$ —**	**$ 77,090,422**
(2) Intersegment	**1,202,674**	**635,265**	**902,265**	**259,928**	**3,001,928**	**6,002,060**	**(6,002,060)**	**—**
Total	**$ 28,055,868**	**$ 16,237,446**	**$ 27,321,048**	**$ 7,226,325**	**$ 4,251,795**	**$ 83,092,482**	**$ (6,002,060)**	**$ 77,090,422**
Segment operating income (loss)	**$ 158,855**	**$ 1,046,277**	**$ 1,652,048**	**$ 105,434**	**$ (91,711)**	**$ 2,870,903**	**$ 23,952**	**$ 2,894,855**
Identifiable assets	**$ 12,176,566**	**$ 15,083,506**	**$ 30,569,795**	**$ 4,109,675**	**$ 4,133,566**	**$ 66,073,108**	**$ (1,262,036)**	**$ 64,811,072**
Depreciation and amortization	**373,759**	**1,621,265**	**826,217**	**202,783**	**93,928**	**3,117,952**	**—**	**3,117,952**
Capital expenditures	**315,530**	**1,404,663**	**1,162,012**	**167,807**	**102,627**	**3,152,639**	**—**	**3,152,639**

Notes: 1) Transfers between segments are made at arm's length prices.
2) Corporate assets, included in Corporate and Eliminations of Identifiable assets, are mainly marketable securities of the Company.
3) Prior-period data for the fiscal year ended March 31, 2010 has been reclassified to conform to the current classification, following changes of the structure of the Group's internal organization at the beginning of the fiscal year ended March 31, 2011.
4) As the mobile phone business was reclassified as discontinued operations during the year ended March 31, 2011, the figures of the business for the year ended March 31, 2010 was reclassified.

A reconciliation table between the total of the segment operating income (loss) and the income from continuing operations, before income taxes and noncontrolling interests for the years ended March 31, 2011 and 2010 are as follows:

Year ended March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
The total of the segment operating income (loss)	**¥ 238,285**	¥ 124,998	**$ 2,870,903**
Corporate and Eliminations	**1,988**	250	**23,952**
Sub Total	**¥ 240,273**	¥ 125,248	**$ 2,894,855**
Interest and dividends	**8,704**	7,965	**104,867**
Equity in earnings of affiliates	**18,478**	22,385	**222,627**
Other income	**67,811**	62,793	**817,000**
Interest	**(32,331)**	(35,650)	**(389,530)**
Other expense	**(107,386)**	(148,328)	**(1,293,807)**
Income from continuing operations, before income taxes and noncontrolling interests	**¥ 195,549**	¥ 34,413	**$ 2,356,012**

GEOGRAPHIC INFORMATION

Net Sales

Net sales by region based on the location of the customer for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Japan	**¥ 2,851,769**	¥ 2,791,281	**$ 34,358,663**
Overseas	**¥ 3,546,736**	¥ 3,499,927	**$ 42,731,759**
Asia	**1,280,718**	1,305,133	**15,430,337**
North America	**1,157,934**	1,134,963	**13,951,012**
Europe	**817,043**	841,022	**9,843,892**
Others	**291,041**	218,809	**3,506,518**
Total	**¥ 6,398,505**	¥ 6,291,208	**$ 77,090,422**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Japan	**¥ 692,752**	¥ 760,595	**$ 8,346,409**
Overseas	**¥ 207,453**	¥ 218,131	**$ 2,499,434**
Asia	**108,653**	119,867	**1,309,072**
North America	**58,079**	63,127	**699,747**
Europe	**33,609**	28,699	**404,928**
Others	**7,112**	6,438	**85,687**
Total	**¥ 900,205**	¥ 978,726	**$ 10,845,843**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.

31. SUBSEQUENT EVENT

Acquisition of Landis+Gyr

On May 19, 2011 (Japan Standard Time), the Company entered into a definitive agreement to acquire the entire equity of Landis+Gyr AG ("Landis+Gyr"), a company incorporated in Switzerland and a global leader in the energy management solutions for utilities, from shareholders and warrant owners of Landis+Gyr.

The acquisition, valued at $2.3 billion (approximately ¥186.3 billion) including net debt, is subject to regulatory approvals and other customary closing conditions.

The Group positions the Smart Community business as a new focus area and is determined to maximize its presence and capabilities in the business.

With over 8,000 utility customers globally, Landis+Gyr has pioneered the development of leading-edge smart metering, networking and service products to meet the needs of the utilities industry and operated around the world.

Landis+Gyr provides a wide range of smart meter solutions, from advanced interactive communication technologies to various applications and services based on data collected from the meters.

The combination of Landis+Gyr's advanced smart metering technologies and services, plus its extensive customer base, with the Company's comprehensive expertise in energy management for utility companies and the corporate (buildings) and consumer (homes) sectors, will allow the Company to provide customers with sophisticated one-stop solutions that offer communities optimum power monitoring and management, plus effective applications and services based on cloud computing technologies.

Upon completion of the acquisition, the Company will promote these synergies through alliances, centering on cloud computing and solutions services, and aim to expand its global operations and to grow the Smart Community business.

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Report of Independent Auditors

The Board of Directors and Shareholders of
Toshiba Corporation

We have audited the accompanying consolidated balance sheets of Toshiba Corporation and subsidiaries (the "Group") as of March 31, 2011 and 2010, and the related consolidated statements of income, equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Corporation and subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

June 22, 2011

Ernst & Young ShinNihon LLC

TOSHIBA CORPORATION

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