

TOSHIBA

Annual Report 1995
Year Ended March 31, 1995



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**

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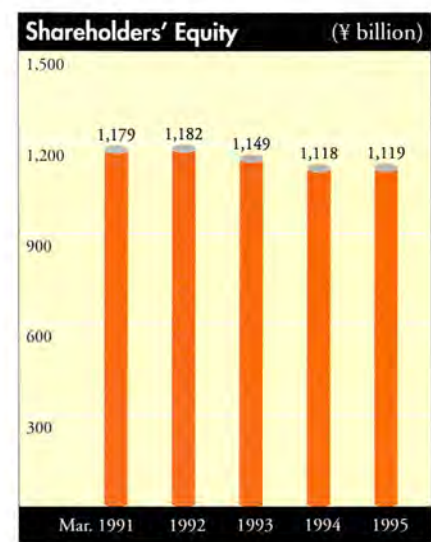
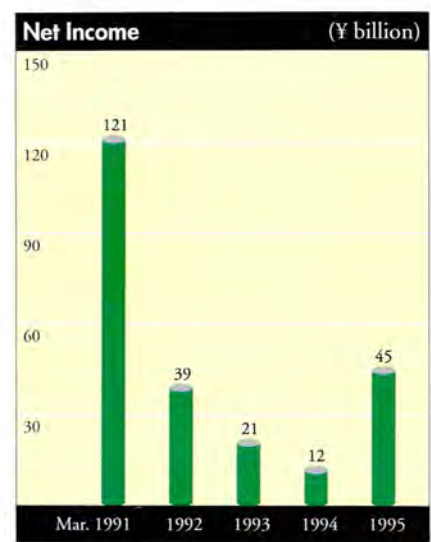
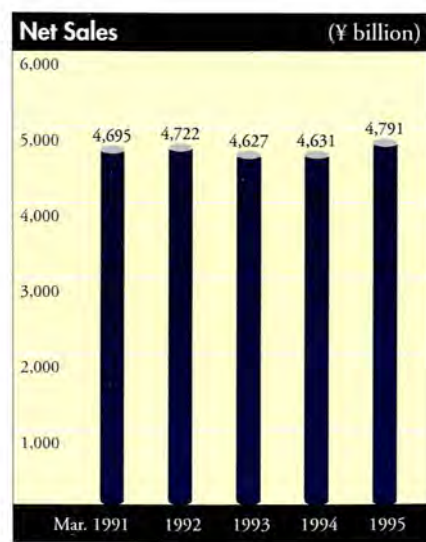
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FINANCIAL HIGHLIGHTS

Toshiba Corporation and its subsidiaries
For the years ended March 31, 1995 and 1994

	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Net sales – Japan	¥3,287,655	¥3,227,777	\$36,939,944
– Overseas	1,503,111	1,403,130	16,888,887
Net sales	4,790,766	4,630,907	53,828,831
Income before income taxes and minority interests	120,674	90,190	1,355,888
Net income	44,693	12,140	502,169
Research and development expenses	302,171	311,435	3,395,180
Shareholders' equity	1,118,808	1,117,725	12,570,876
	Yen		U.S. dollars
Per share of common stock:			
Net income	¥13.54	¥ 3.78	\$0.152
Cash dividends	¥10.00	¥10.00	\$0.112
Employees	190,000	175,000	

- Notes: 1. Unless indicated otherwise, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥89=US\$1.
2. The computation of the above per share amounts has been based on the average number of shares outstanding during each period appropriately adjusted for common stock equivalents.
3. The company has not adopted Statement of Financial Accounting Standards (SFAS) No. 115 "Accounting for Certain Investments in Debt and Equity Securities" which became effective from the fiscal year beginning April 1, 1994. The effects on the consolidated financial statements of not adopting SFAS No. 115 and the disclosures required by SFAS No. 115 are summarized in a note to the consolidated financial statements.



TO OUR SHAREHOLDERS

Operating results for the year ended March 31, 1995 reflect the solid headway Toshiba Corporation has made in responding to the challenges of today's global markets. Consolidated net sales were up 3 percent to ¥4,790.8 billion (US\$53,829 million) and, more significantly, net income rose 268 percent to ¥44.7 billion (US\$502 million). Our tightly focused programs to invest in strategic business areas and reinforce global competitiveness, backed by a general upturn in the world economy, underpinned these results. Also contributing to better performance were the benefits of restructuring advances at Toshiba Group companies. We will continue working to increase earnings by allocating resources to high-potential product areas while upgrading the profitability of our subsidiaries and affiliates.

A Banner Year for Personal Computers and Semiconductors

Fiscal 1994 was highlighted by strong performance in several product areas. In particular, personal computers (PCs) and semiconductors had an excellent year, due to widespread market acceptance of our new high-end portable PCs and strong demand for memory devices and logic ICs. Our portable PCs ranked first in their class in the world. We also achieved healthy sales gains in computer peripherals, such as hard-disk and CD-ROM drives, and in mobile communications products. Lower contributions from large-scale power plant projects during the year held back performance in the heavy electrical apparatus segment. Despite intense competition and downward pressure on prices, sales of consumer products and others increased, backed by much higher sales of air conditioners and wide-screen TVs in Japan.

Competing and Winning in Global Markets

The most crucial issues Toshiba currently faces are how to fortify our position in rapidly evolving global markets and how to deal with the yen's relentless climb. To address these issues, we are pursuing advances in two areas:

1. Concentrating Resources on High-Potential Fields

Tightening our focus on high-potential fields has for several years been the central theme in the ongoing restructuring of operations. Our priority now is to raise the speed at which we channel resources to promising fields. At the heart of this drive

is the Advanced-I Project, a strategic initiative we launched in 1994 to position Toshiba for success in the 21st century.

In essence, the project calls for Toshiba to draw upon its immense resources in assuming a leading role in products and systems that fuse information, communications and visual technologies. Advanced-I provides us with a powerful framework for seizing these opportunities as quickly as possible. One early and highly visible embodiment of the project is our digital video disc, whose unveiling in January 1995 made headlines worldwide.

2. Reinforcing Global Competitiveness

Managing Toshiba from a global point of view is essential to success at a time when every aspect of our business is borderless. Above all, we must optimize global logistics to make the company's products even more competitive in the world market. In fact, we have reached a point where global competitiveness is essential to success in Japan as well. Achieving goals in this area calls for progress in several directions:

■ **Re-engineering business practices for higher overall productivity.** Leading this effort is our ongoing project to boost efficiency throughout the company. We are now in the midst of programs to slash costs and raise white-collar productivity by re-training engineers and staff people for fast-growing fields and new markets. Over the next two years, our corporate staff will be reduced by a full 20 percent, giving Toshiba a flatter organization and a slimmer headquarters.

■ **More competitiveness through integration.** In Europe, we have built a unified production and sales organization for information-related products and consumer products in major markets. This put us in an excellent position to develop future multimedia-related businesses. As part of this effort, we combined TV and VCR production at our plant in the United Kingdom, taking advantage of the facility's extensive expertise in TV manufacturing. We are also realigning VCR operations in Asia for maximum efficiency. We raised output at our joint-venture VCR plant in Singapore, already one of the world's largest plants, and set up a new company in the country to handle VCR design, development and marketing in Asia. The two facilities are expected to combine their strengths to play a central role in our VCR business.



Joichi Aoi,
Chairman (left),
Fumio Sato,
President

■ **More overseas procurement.** To benefit from the yen's strength, we are stepping up our procurement of quality parts, materials and products from overseas suppliers. On a non-consolidated basis, we plan to import ¥360 billion of parts and products during fiscal 1996, well above the ¥245 billion in fiscal 1994 and two years ahead of our original schedule. To support this drive, we have expanded our network of international procurement offices to nine locations worldwide.

■ **Expanding production outside Japan.** Improving global logistics—chiefly overseas production—is imperative to making Toshiba more competitive on a global scale. Recent developments include our decision to build a computer-peripheral plant in the Philippines. We also established a multinational joint venture in Indonesia to produce color picture tubes. In China, another newly formed joint venture started making semiconductor devices. We enhanced our color TV production network by increasing output at our plants in Singapore and Mexico.

■ **Tapping strategic international alliances.** For many years, Toshiba has aggressively promoted the formation of alliances. Sharing resources gives alliance members access to new technologies, speeds the development of new products, and reduces the cost-burden on each company. One of the most successful examples of this thinking is Display Technologies, Inc., a joint venture with IBM Japan, Ltd. In fall 1995, this company will start operations at its second color

LCD plant. Tohoku Semiconductor Corporation, our joint venture in Japan with Motorola, Inc., recently began producing 16M DRAMs. We have also formed TITUS Communications Corporation, a cable TV company in Japan, with Time Warner Inc. and other partners.

A Heightened Emphasis on Speed

In closing, we would like to reiterate the importance of speed. At Toshiba, speed is of the essence, particularly in entering new business fields and using resources such as people, goods, capital and information more efficiently. We are determined to accelerate the reshaping of our operations and business practices. Toshiba is extensively involved in many of today's fastest changing markets: information systems, telecommunications equipment, semiconductors, and multimedia. We welcome the challenges inherent in these markets, and are confident that our basic strategic directions will empower us to achieve our ambitious objectives.

July 1995

Joichi Aoi

Joichi Aoi
Chairman of the Board

Fumio Sato

Fumio Sato
President
and Chief Executive Officer

THE ADVANCED-I PROJECT:

Insight and Foresight From the President



Fumio Sato, President and Chief Executive Officer



As president, you have clearly positioned the Advanced-I Project and its goals as prime objectives in the coming years. What was behind the decision to create this project?



Our resolve to play a leading role in multimedia. This is a very promising, high-potential field, and one on which we are tightening our strategic focus. The next century will see multimedia come into its own, as computing, communications and visual technologies converge to open up exciting new markets. We are determined to be a driving force in the creation of these markets. This is why we decided to implement the company-wide Advanced-I Project in April 1994, following several months of conceptual development by a task force. We then set up the Advanced-I Group in July 1994 to lead this project and coordinate Toshiba's multimedia-related activities.

A long-standing commitment to developing information-related businesses is now helping Toshiba meet the challenges of multimedia development. The initial Project-I, launched back in 1984, was a company-wide endeavor to heighten our skills in information systems and communications. "I" stands for "information," "integration" and "intelligence." One of its key successes was the commercialization of portable computers. As the successor to this endeavor, the Advanced-I Project is steadily guiding Toshiba into the multimedia age.



Multimedia is one of the most rapidly evolving and most competitive fields in technology today. In what ways does the Advanced-I Group sharpen Toshiba's competitive edge?



To succeed in emerging multimedia markets, we need to be both fast and responsive. To do this, we must eliminate barriers between our operating divisions and business groups. This is the rationale behind the Advanced-I Group. It is built for speed, with the autonomy to make decisions quickly and then take action. With its own budget for R&D and other activities, the group can take the initiative in developing and commercializing products and services that go well beyond the scope of Toshiba's existing businesses. It also facilitates technology sharing and unified planning across all Toshiba business groups involved in particular projects.



Multimedia is a term with broad implications. Specifically, how will the Advanced-I Project keep Toshiba at the forefront of this field?



As one of the world's largest manufacturers of electronics products, Toshiba is already well ahead of its competitors. We believe we can make a significant contribution first on the component level, including semiconductors, LCDs and rechargeable batteries. All are essential technologies for a range of portable multimedia products. In products and systems, we are already helping to define multimedia computing with the world's most advanced line of portable PCs. Another extremely promising area is digital video discs, or DVD. Toshiba is also well positioned to build the advanced infrastructure required by multimedia, whether for interactive cable TV services or for enabling access to information and communication services anywhere, at any time.

The Advanced-I Project will draw on our cumulative expertise in all these areas and encourage divisions to pool and integrate their ideas and abilities. It will also enhance our capabilities as a provider of information and multimedia software over digital networks.



How is Toshiba establishing itself as a supplier of information and services?



Our strategy is to take advantage of tie-ups with powerful partners to build a presence faster, and at a lower cost, than we could by acting alone. Our most important alliance in this respect is with Time Warner, with whom we established a partnership—Time Warner Entertainment—in June 1992. By uniting expertise in different areas, including electronics, entertainment and system operations, TWE can make a unique contribution to the further development of multimedia. Another facet of our tie-up with Time Warner is our partnership in TITUS Communications in Japan. TITUS will work with various Japanese cable TV operators to form a nationwide multiple system operator network. We hope this will create a new infrastructure for digital communications, including interactive TV and cable telephony.



With Toshiba ranking among the world's largest industrial companies, what impact will the Advanced-I Project have upon Toshiba's results over the next few years?

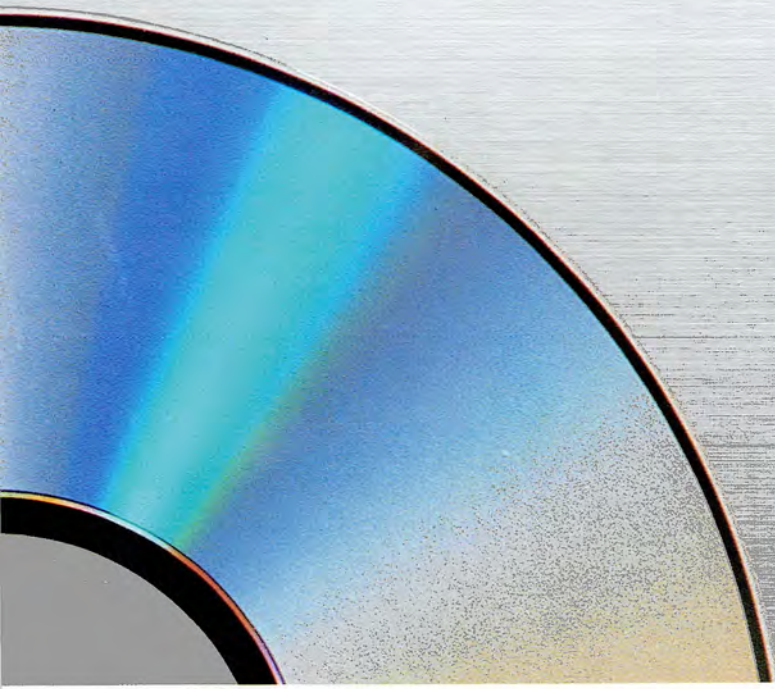


Advanced-I puts Toshiba squarely on the cutting edge of the multimedia market. It has brought about a fundamental shift in the way we do business, dramatically widening the scope of our operations from producing goods for existing markets to carving out completely new markets. Creating new markets mandates that we take the initiative in what to produce and which services to offer. While this is an ambitious undertaking, we anticipate that the results will be dramatic: Advanced-I-related business is expected to account for a significant and growing share of our sales throughout the remainder of the decade.

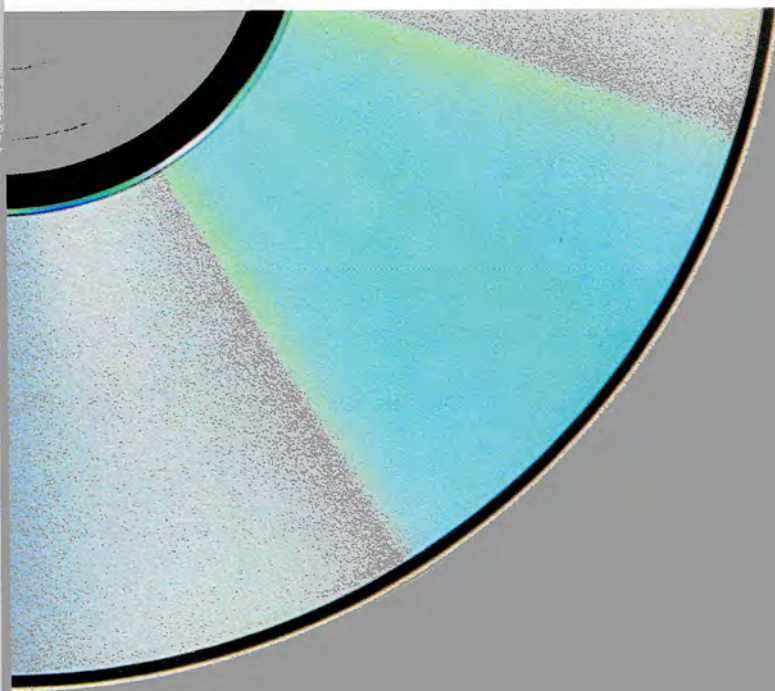
Having pioneered a digital video disc (DVD) format that is animating Hollywood and intriguing Silicon Valley, Toshiba has emerged as an international trendsetter in the multimedia marketplace. It began with the dream of the late Time Warner Chairman Steven J. Ross to bring a truly cinematic experience into the

SUPER DENSITY DISCS:

home, complete with high-quality visual images and sound—all for the price of movie tickets and popcorn for two. Perceiving the enormous market potential of this concept, Toshiba came up with a stunning technological breakthrough that is turning the dream into a reality: the Super Density Disc (SD) format.



TOSHIBA TAKES THE LEAD





Launching the Revolutionary SD Disc On January 24, 1995, the Toshiba-led SD Group unveiled the SD format at simultaneous press conferences in Tokyo and Hollywood. Representatives from all seven companies who proposed the format—Toshiba Corp.; Time Warner, Inc.; Hitachi, Ltd.; Matsushita Electric Industrial Co., Ltd.; MCA Inc.; Pioneer Electronic Corp.; and Thomson Multimedia—were present. **A** Many more companies, among them Victor Company of Japan, Ltd. (JVC); Mitsubishi Electric Corp.; and Zenith Electronics Corp., have also endorsed the SD format. Drawing on the combined resources of its partners, and its long-standing alliance with Time Warner in particular, Toshiba has positioned the SD disc to become the world standard for the next generation of storage media for entertainment and information-related products and services.

Changing the Face of Data Storage Capable of storing more than 7.5 times the data of today's audio CD or CD-ROM, sufficient for a 142-minute movie, on each side of a single CD-sized disc **B**, the SD

B Along with 142 minutes of playing time and Dolby™ AC-3 (5.1 channel) to deliver cinema-quality sound, Toshiba's standard single-sided disc, the SD5, supports a host of other features designed to meet Hollywood's exacting demands:

- Multi-angle: the freedom to choose from a number of camera angle views
 - Multi-story: programmable story endings, plus a parental lock-out function
 - Multi-language: up to 8 audio channels and 32 subtitle channels



A Hollywood witnessed the unveiling of the the SD format by the Toshiba-led SD Group at a press conference in January 1995.

C SD Technology

Toshiba had an invaluable edge in creating the technologically outstanding SD format, thanks to the company's expertise in MPEG2 digital image compression.

SUPER DENSITY

format is the fruit of numerous technological advances. The use of MPEG2 digital image compression and smaller data-storage pits—which allow a more than fourfold increase in the number of pits per disc—facilitated the creation of this high-capacity, high-density disc format. **C**

Two Key Technologies Set the SD Format Apart What truly distinguishes the SD format, and enables the storage of such a massive amount of data, is the disc's ultra-thin substrate and back-to-back bonding structure. **D**

The SD disc's 0.6mm-substrate can store 5 gigabytes (GB), or five billion bytes, of data in its microscopic pits, which are too small to be read accurately on a thicker disc. **E** This enables superior image quality and enhanced error correction, precisely because the disc's slimness enables lasers to read easily the large number of tiny pits on the disc's surface. Back-to-back bonding of the discs has the added advantages of minimizing tilt and increasing resistance to heat and humidity.

A Line-up to Cover All the Bases The decisive advantages of the SD disc's thin substrate and back-to-back bonding technology gave the company flexibility to design versions for film, computer and other software

D**Why 0.6mm?**

- high data capacity
- reasonable production and retail costs

Why back-to-back bonding?

- stable symmetrical structure
- backward compatibility with CDs

E Thin Substrate

Just as objects can be viewed much more clearly in the shallow end of a swimming pool than in the deep end, the thin (0.6mm) substrate of an SD disc allows lasers to read data stored in tiny pits more easily.

F To deliver a technology that would meet the demands of diverse applications, the SD Group consulted key members of the entertainment and computer industries. As a result, the SD format met and even surpassed the demands of these and other industries.

Hollywood Digital Video Disc Advisory Group Wish List

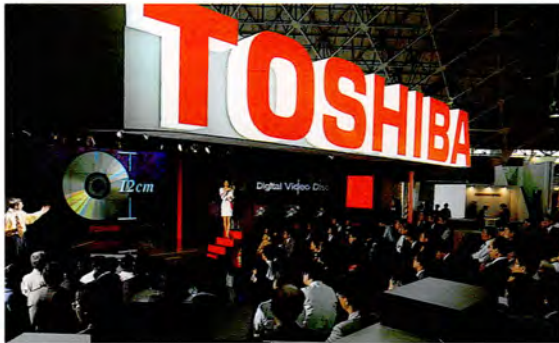
- full-length feature film (approx. 135 minutes) on one disc
- superior picture quality
- audio compatibility with high-quality presentation systems
- three to five spoken and subtitle languages on one disc
- multiple aspect ratios for future wide-screen markets
- multiple program versions and a parental lock-out feature on one disc
- commitment to a copy protection system

Computer Industry Technical Experts Wish List

- single interchange standard
- backward read compatibility with existing CDs
- forward compatibility with future read/write and write-once discs
- single file system for all kinds of discs
- low cost
- no mandatory container
- reliable data storage and retrieval
- high online capacity
- high performance for sequential and non-sequential data

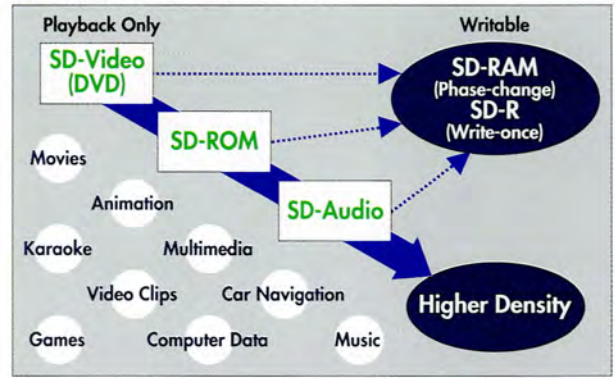
applications. Toshiba and its partners designed two basic types of discs, the SD-5, a single-sided 5GB-capacity disc, and the SD-9, a 9GB-capacity disc that allows data recorded on both sides to be read from a single side. The family of discs also includes the SD-10, a double-sided disc with 5GB per side, suited to applications that require higher storage capacity, and the SD-18, a dual-layer, double-sided disc with 9GB per side. Furthermore, the SD Group is developing writable discs such as the SD-R, a write-once disc; SD-RAMs, which will incorporate phase-change technology to produce high-capacity rewritable discs, ensure the SD format will gain even more versatility—and marketability. As a whole, this diverse line-up will essentially meet all demands for higher-density data storage. **F**

A Platform for Entertainment and Computer Applications Toshiba and its partners developed this broad line-up having discerned the enormous potential of SD technology in a range of industries. **G** The introduction of the SD disc is certain to invigorate the home entertainment market. As a more efficient and economical



G On May 16-19, the SD disc drew an enthusiastic response, appealing to visitors from a wide range of industries during its preview at the Business Show '95 Tokyo.

H Evolution of the SD Disc



Toshiba's SD player is slated to go on sale in mid-1996. (above, the SD player prototype)

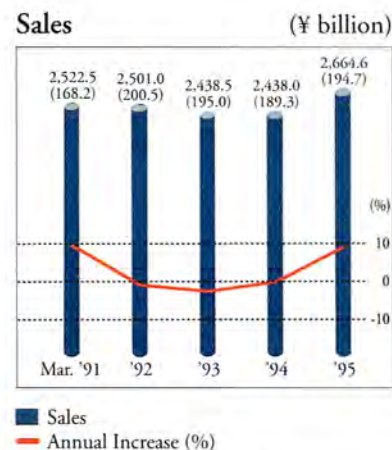
way to store films and other programs in servers, the SD disc is poised to fuel growth in the cable television and emerging video-on-demand markets as well. Anticipating huge demand in computer markets—a field in which Toshiba enjoys a prominent position—the company is also working on computer applications that are compatible with existing CD-ROMs.

At the Vanguard of 21st-Century Technology The potential of SD applications is limitless. SD products will eventually supplant today's electronic storage media, becoming a vital element of next-generation hardware and software. The SD format will be essential to video and audio equipment, games, personal information systems, computer peripherals and a host of other products yet to be developed. **H** In light of its immense growth prospects, SD is projected to blossom into a \$30 billion market by the early 21st century. As a key architect of the emerging SD technology, Toshiba is using its strategic alliances and clear vision to ensure its place at the forefront of this technology.

REVIEW OF OPERATIONS

INFORMATION/COMMUNICATION SYSTEMS AND ELECTRONIC DEVICES

Sales of information/communication systems and electronic devices were up 9 percent to ¥2,664.6 billion, representing 52 percent of the company's total sales. Much of the gain for information/communication systems derived from robust growth in sales of personal computers (PCs) and peripheral equipment, and a substantial rise in sales of mobile communications equipment. Record-setting sales of semiconductors and liquid crystal displays (LCDs) led growth in electronic devices. This performance was fueled by strong global demand for PCs and telecommunications products as well as for consumer products in Asia.



Note: Segment sales totals include inter-segment transactions. Intersegment transactions appear in parentheses for reference.

Share of Net Sales		(%)				
	50.1	49.0	48.8	48.9	51.9	
Mar. '91	'92	'93	'94	'95		



Toshiba unites advanced multimedia capabilities with portable PC technology in the T2150CDT, which has a CD-ROM drive and a large, bright TFT-LCD display.



The XECT AS5000 series of workstations offers high-performance data processing and a compact, lightweight design suitable for offices.

Information Systems and Equipment

A series of leading-edge product introductions conjoined with solid demand to generate excellent results for Toshiba's PCs worldwide. The company's production of portable PCs has exceeded 5 million units since the first laptop machines were sold in Europe in 1985. Domestic results were supported by the introduction of sub-notebook models featuring color thin-film transistor (TFT) LCDs, high-performance central processing units (CPUs), and other features previously limited to full-size notebook units. Toshiba PCs generally fared well overseas, posting particularly strong results in the United States. Amidst mounting competition, Toshiba was able to recapture its number-one share of the worldwide portable PC market. In China, Toshiba solidified its marketing infrastructure through a key agreement with the Legend Group, the country's

largest computer manufacturer. Legend's nationwide network of outlets will begin marketing and servicing Toshiba notebook models in the spring of 1995.

Multimedia PC sales are rising steadily in worldwide markets. In March 1995, Toshiba launched the T2150CD series to ensure the compatibility of its notebook PCs with multimedia applications. Models in the series offer the highest performance available in the notebook PC class, combining large color-LCD screens with double-speed CD-ROM drives, Intel Corporation's 75 MHz DX4™ processor, built-in microphones and speakers, and other features. In May 1995, the company announced the world's first sub-notebook PC to incorporate Intel's 90 MHz Pentium™ processor.

Sales of storage devices for computers also posted a substantial increase. Advances in smaller, higher-performance notebook PCs prompted a jump in

demand for 2.5-inch hard-disk drives, on which Toshiba is focusing. The company led the industry by announcing the first model in the world that offers one-gigabyte capacity. In optical storage, Toshiba introduced a CD-ROM drive with the fastest ever access time, and a super-slim CD-ROM drive for multimedia notebook PCs.

The company also drew upon its skills in image-compression technology, in cooperation with other firms, to create the new Super Density Disc (SD) format. The new digital video disc based on this format is ideally suited for entertainment, computer and other applications. Toshiba is currently cooperating with several companies to promote the SD format as the next generation of high-density optical discs.

In mid-range computers and other computer and control systems, Toshiba enhanced its stature through several key product introductions in Japan.

white-collar productivity. Municipal governments use another Toshiba computer system to provide better services for residents.

Among other information equipment for office and personal use, copiers sold well both in Japan and abroad. Toshiba's toner plant in the United States, which began operations in 1986, passed the 10,000-ton mark in June 1994. A stagnant domestic market occasioned a decline in sales of Japanese word processors. While sales of automated information equipment to post offices and traffic agencies were steady, demand from financial institutions fell.

Telecommunication Systems

Toshiba's telecommunication systems and equipment business was highlighted by a significant increase in sales of mobile communications equipment during the fiscal year. The company took advantage of boom-



This new E-TACS (Extended Total Access Communication System) portable phone has been well received by consumers in Europe and Asia.



Xvision series X-ray CT scanners pave the way for the use of CT scanning in mass screening.



With compact dimensions and light weight, the NP-A50 car-navigation system can easily be carried anywhere and offers users greater freedom in selecting installation sites.

Among them were the UX1000 series of servers, the XECT AS5000 series of high-performance workstations, and an integrated control system for small factories, the CIEMAC 1000. In a move to further expand its presence in this sector, Toshiba entered into an agreement with IBM Corporation regarding PowerPC computing technology. This agreement is in addition to an existing strategic alliance with Sun Microsystems, Inc.

A broad range of users employs Toshiba's computer and control systems. Computer-integrated manufacturing systems bring together production data and other operational information. At steel plants, Toshiba control systems boost efficiency by supporting the use of advanced production equipment. Similar technology is found in offices as well. Toshiba developed an information management system for trading companies that dramatically raises

ing demand for cellular phones in Japan to net major gains. While analog models accounted for the bulk of initial growth, Toshiba also began shipping digital units to major carriers; such models are poised to become the mainstream of the mobile communications market in Japan. Analog cellular phone sales rose by a wide margin in the United States as the company began marketing phones under its own name in addition to supplying phones to Audiovox Corporation. In Europe, Toshiba forged an agreement with Germany's Hagenuk GmbH to jointly develop digital mobile phones under the GSM (Global System for Mobile) standard. Over 30 million GSM phones are anticipated worldwide by the year 2000; Toshiba plans to market its first GSM product in early 1996.

Sluggish domestic demand from public agencies and the private sector led to a downturn in orders for large-scale telecommunication systems. Sales of PBXs

(private branch exchanges) and key telephone systems for business use also fell, while broadcasting systems suffered as TV stations postponed major purchases. Sales and orders were solid for air traffic control systems and training equipment. Higher sales dramatically boosted Toshiba's share of the U.S. key telephone system market.

Video-on-demand is a highly promising technology in this segment. Toshiba has unveiled a prototype system that uses an IC-memory storage system, and plans to release a commercial system for small-scale applications, such as in hotels and schools.

Space Development

Sales in this segment were up considerably as Toshiba took part in a number of National Space Development Agency projects in Japan. Two of the largest now under way are the development of the

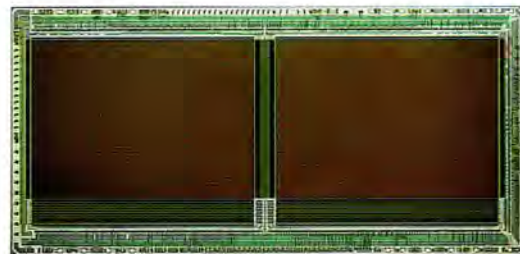
Semiconductors

A worldwide PC boom and the increasing value of semiconductors installed in electronic equipment led to the second consecutive year of record semiconductor sales at Toshiba. While short supplies of 4-megabit dynamic random access memories (DRAMs) stabilized unit prices, results were further bolstered by a healthy increase in demand for multibit type 16M DRAMs in the United States, Europe and Asia. Demand for microcontrollers was also strong for use in computer peripherals, audio-visual equipment and telecommunications products, both in Japan and overseas.

Toshiba continued to invest heavily in production facilities. Under a three-year, ¥100-billion investment program, the company started construction of a clean room for 64M DRAM production at the Yokkaichi plant in Japan. Celebrating its seventh



Tohoku Semiconductor's new 16M DRAM production facility helps meet growing demand and complements Toshiba's semiconductor plants in Oita and Yokkaichi.



With a 32-megabit capacity and the world's fastest data erasure, Toshiba's latest NAND EEPROM devices are stimulating strong demand.

COMETS communications and broadcasting satellite and the ETS-VII Engineering Test Satellite.

Medical

Sales in this category were up slightly, as large gains in X-ray Computed Tomography (CT) systems using helical scanning offset the impact of mounting price competition in Japan and an extremely difficult export environment for medical equipment. During the year, the company's new CT scanners, Xpress/SX and Xvision, achieved a sharp upturn in the global market. Using helical scan techniques pioneered by Toshiba, Xpress/SX as much as halves examination time. Xvision features the same high-end performance with compact dimensions. The company's medical equipment performed well outside Japan, particularly in Europe, Australia and Brazil.

anniversary, Tohoku Semiconductor Corporation, a joint venture with Motorola, Inc., recently completed a 16M DRAM plant in February 1995. Toshiba is also preparing new development facilities for future-generation DRAMs. To meet burgeoning demand for semiconductors in Asia, Toshiba formed a sales company and production facility in China and is in the process of expanding production capacity in Thailand and Malaysia.

Toshiba unveiled a number of advanced products and technologies during the year. Along with development of a video encoder, the company introduced a single-chip decoder LSI that enables the real-time decompression of digital moving pictures under the MPEG2 (Moving Picture Coding Experts Group) standard—a critical advance that will support interactive TV, next-generation game equipment and other multimedia applications. Toshiba released a

new 32-bit MIPS RISC (reduced instruction set computer)-based microprocessor core that features high-speed operation at a low voltage. In a joint research project with IBM and Siemens A.G., Toshiba and its partners announced in June 1995 the development of the smallest and fastest fully functional 256M DRAM chip. The tri-company alliance is also working to develop second-generation 64M DRAMs.

Liquid Crystal Displays

Greatly expanded output of LCD-equipped PCs by computer makers, especially those with color displays, supported much higher LCD sales at Toshiba. Growth in the Japanese car navigation system market was another contributing factor. Toshiba continued making investments to step up output capacity and remain at the vanguard of progress. Display Technologies, Inc., a joint venture between Toshiba and

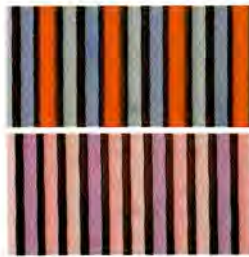
Other Electron Devices

The fiscal year saw signs of recovery in demand for picture tubes for color TVs and color display tubes for computers. Toshiba expanded overseas production of conventional large-size color picture tubes. In Japan, the company increased production of 16:9 wide-screen tubes to meet growing demand for wide-screen TVs in Japan. These tubes now account for about a seventh of Toshiba's domestic color picture tube output.

Operations in Thailand were expanded in autumn 1994 to include 25-inch color picture tubes. The production of color display tubes for computers is slated to commence in the summer of 1995. In Indonesia, Toshiba set up a joint venture to produce small- and mid-size TV tubes beginning in September 1996. Major growth is expected in the display-tube market as multimedia products continue to rise in popularity. Toshiba is applying its proprietary



This Super-VGA 10.4-inch TFT LCD was Toshiba's dazzling response to calls for larger, higher-performance screens for notebook computers.



Toshiba's MICRO-FILTER™ color picture tube (above) boasts brightness and contrast as much as 40 percent higher than that of ordinary tubes (below).



Toshiba Battery, Duracell International and Varta Batterie executives break ground for a nickel-metal hydride rechargeable battery plant in North Carolina.

IBM Japan, Ltd., added facilities for the production of large-size TFT-LCDs. Starting full-scale operation in late 1995, the new facilities will double output capacity for this product, vastly strengthening Toshiba's position of leadership in the LCD market.

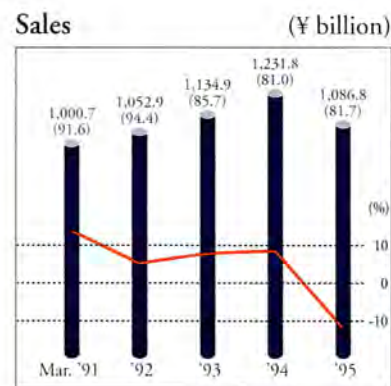
In March 1995, Toshiba introduced a 9.5-inch, color TFT-LCD module with the industry's smallest frame size, perfect for A4/letter-size subnotebook PCs. The display uses a 6-bit LCD driver to support 260,000 colors, making it ideal for multimedia applications. Toshiba also developed a 10.4-inch TFT-LCD that has the same overall dimensions as the company's 9.5-inch unit—welcome news for notebook PC users. Both screens cut reflection by two-thirds, affording high contrast and resolution even outdoors. For car-navigation equipment and portable TVs, Toshiba created a 5-inch display with 170,000 sub picture elements and outstanding brightness.

MICROFILTER™ technology to the production of high-contrast, high-resolution display tubes, strengthening its leading position in the industry.

Among other electronic devices, surface acoustic wave (SAW) filters, a key component of portable telephones and telecommunications terminals, have posted steadily increasing sales. Battery results were powered by rising demand for rechargeable nickel-metal hydride batteries, indispensable to a wide range of portable electronic devices that require high power. In 1995, Toshiba Battery Co., Ltd. plans to raise monthly output capacity at its Takasaki Plant to 20 million units. The company is also planning to launch production overseas, further augmenting its position as the world's largest supplier in this rapidly growing market.

HEAVY ELECTRICAL APPARATUS

Heavy electrical apparatus sales were down 12 percent from the previous year to ¥1,086.8 billion. A decline in sales of large-scale power generating plants was the major factor behind this performance, while soft domestic demand impacted sales of a variety of products in this segment. By stressing such state-of-the-art technologies as advanced boiling water reactors (ABWRs) and combined-cycle power generation, Toshiba continues to fortify its competitive position in the huge global market for power plants. The expansion of global procurement is another key strategy in this segment.



■ Sales
— Annual Increase (%)

Note: Segment sales totals include inter-segment transactions. Intersegment transactions appear in parentheses for reference.

Share of Net Sales (%)				
19.9	20.6	22.7	24.7	21.2
Mar. '91	'92	'93	'94	'95



Tohoku Electric Power's Onagawa Nuclear Power Station Unit No. 2 began commercial operation in July 1995.



Toshiba's second 500-megawatt coal-fired turbine-generator at the Anpara Power Plant in India went on-stream in record time.

Nuclear Power Plants

While Toshiba's nuclear power plant equipment and systems posted lower sales, due to a cyclical drop in progress payments for major plants in Japan, solid demand for maintenance and project upgrades helped keep orders level. Major sales contributors were a progress payment on Onagawa Nuclear Power Station Unit No. 2 for The Tohoku Electric Power Co., Inc., and a number of maintenance and project updates. Toshiba conducted extensive work at Hamaoka Nuclear Power Station Unit No. 1 for The Chubu Electric Power Co., Inc. (CEPCO). Completed in August 1994, work entailed replacing main recirculation pipes and other reactor-support equipment. Another order was for diesel power-generation equipment for Fukushima Nuclear Power Station No. 1 for The Tokyo Electric Power Co., Inc. (TEPCO) and a number of maintenance projects for TEPCO, CEPCO and other Japanese electric utilities.

Construction is proceeding on schedule at several projects. Fuel-loading at Onagawa Nuclear Power Station Unit No. 2 began in October 1994, and final testing has been carried out in preparation for commercial operation in July 1995. Toshiba is also participating in the construction of the world's first two ABWRs: Kashiwazaki-Kariwa Nuclear Power Station Unit No. 6 and 7 for TEPCO. Toshiba leads the consortium building Unit No. 6, and finished installing the reactor pressure vessel there in August 1994.

Other Power Plants and Equipment

Despite the decline in overall sales of other power plants and equipment, sales and orders were brisk for thermal plant systems in Japan. Among the largest components of sales in Japan were 600-MW generating equipment for Noshiro Thermal Power Station Unit No. 2 for Tohoku Electric Power; 700-MW generating equipment for Reihoku Thermal Power Station Unit No. 2 for The

Kyushu Electric Power Co., Inc.; and 1,000-MW generating equipment for Shinchi Thermal Power Station Unit No. 1 for Soma-Kyodo Power Co. One of the year's highlights was the fall 1994 completion of a heat-recovery boiler (HRSG) for Yokohama Thermal Power Station combined-cycle Unit No. 7 for TEPCO. As the first HRSG produced that uses Toshiba's own technology, this development further raises the company's stature in the growing field of combined-cycle generation. Meanwhile, one of the year's largest orders was for a 550-kV gas-insulated switch-gear system for Aichi substation for CEPCO. Toshiba completed a new plant in Fukushima prefecture in April 1994 to meet swelling demand for gas-insulated switch-gears, whose production requires a clean-room environment.

Major contributors to sales outside Japan came from projects in India, Indonesia, Abu Dhabi and Argentina, illustrating the breadth of Toshiba's global reach.

broadened its motor line-up with the WMP series of low-voltage AC motors, whose enhanced durability, lower noise and other specifications rank them among the best in the world in their class. Sales of industrial machinery were supported by strong demand for semiconductor manufacturing equipment.

Transportation Equipment, Elevators and Escalators

Transportation equipment results were down amidst lower earnings and capital expenditures among Japanese railroads. Toshiba raised its prominence in Shinkansen (bullet train) technology in 1994 by supplying components for the propulsion system of Central Japan Railway's prototype train series 300X, which targets speeds of more than 350 km/h. Overseas, two major transactions of the year were equipment for Cairo Subway Line No. 2 of the Egyptian National Authority for Tunnels and electrical equipment for the rolling stock of Korean National Railroad.



Toshiba generating equipment is a key element of the Chaira pumped storage power plant in Bulgaria. The plant's 701-meter pumping head is the world's highest.



Toshiba's propulsion system for Central Japan Railway's prototype train series 300X is helping accelerate the development of higher-speed, next-generation trains.



Advanced features guarantee unsurpassed comfort and reliability in Toshiba's ultra-high-speed elevators, like this model installed at Cosmotower in Osaka.

Another significant event was the completion of a Bulgarian pumped storage power plant for which Toshiba designed and manufactured the generating equipment. Its 701-meter pumping head is the highest in the world. In February 1995, Toshiba was chosen from among many competitors to supply three 600-MW turbine-generators for a thermal power station in China.

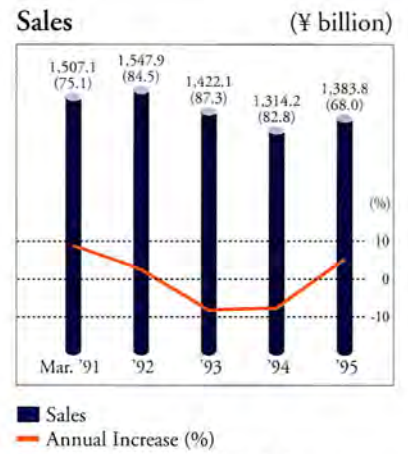
Industrial Electrical Apparatus and Machinery

Although there were signs of a gradual recovery in demand for general-purpose electrical equipment in Japan, sales of industrial electrical equipment fell slightly due to heightened competition and a drop in prices. In response to demands for lower costs and other customer requirements, Toshiba is working to cut costs and add more value to its motors, control equipment, switch-gears and other products. One recently introduced product was the VF-A5 series of high-performance inverters, which use Toshiba's exclusive vector-control technology to provide stable current at low frequencies. Toshiba

A prolonged slump in office-building construction and other large projects in Japan exerted pressure on demand for and prices of elevators and escalators. Outside Japan, despite increased competition brought about by the strong yen, Toshiba benefited from flourishing construction activity in China, Hong Kong and elsewhere in Asia, leading to a steady increase in overall sales of these products. To sharpen its competitive edge in Southeast Asia, Toshiba raised its equity interest in two elevator production, installation and maintenance companies in Malaysia. The company also displayed its technological prowess through a series of high-speed elevators with advanced human-machine interface functions, a wide selection of interior designs and many other attributes offering unsurpassed comfort. At the Cosmotower (World Trade Center Building) in Osaka, Toshiba installed ultra-high-speed elevators that incorporate sophisticated control technology and new materials to optimize comfort and reliability.

CONSUMER PRODUCTS & OTHERS

Sales of consumer products and others rose 5 percent to ¥1,383.8 billion, backed by a significant increase in sales of air conditioners and wide-screen TVs in Japan. Burgeoning demand in Asian markets also supported results. Toshiba preserved its edge in the highly competitive consumer electronics and home appliance markets through investments in new-product development and overseas manufacturing.



Note: Segment sales totals include inter-segment transactions. Intersegment transactions appear in parentheses for reference.

Share of Net Sales (%)	
30.0	30.4
28.5	26.4
26.9	
Mar. '91	'92
'93	'94
'95	



Japanese demand for wide-screen TVs is booming; Toshiba is at the forefront of this market. One model boasts of being the first in Japan to display two channels at once.



The Video Wall, with its multiple projector configuration, produces vivid images and promises to carve out a new segment of the multimedia market.

TV/Video Products

In Japan, wide-screen TVs, which have a screen width-to-height ratio of 16:9, are accounting for a growing share of sales. Fiscal 1994 sales of these models were more than four times above results in the previous year, and fiscal 1995 wide-screen TV sales in Japan are expected to rise to 4 million units—twice fiscal 1994 results. Toshiba's domestic TV performance was impacted by lower sales of conventional 4:3 models and lower prices due to competition from imports. However, Toshiba was able to offset this by capitalizing on opportunities in the booming wide-screen TV market and raising sales outside Japan, particularly in Asia, by selling models carefully tailored to the demands of individual markets. To bolster its ability to serve local markets, the company expanded and realigned TV production at plants in Singapore, Mexico and the United States.

Toshiba led the wide-screen market throughout the year. In July 1994, the company was first to introduce a model that can display two images at once, allowing viewers to enjoy any combination of TV broadcasts, video programs and games. Following this product's success, Toshiba further augmented its line-up with models featuring the company's newly developed picture tube, which dramatically improves picture quality, and a nine-image monitoring function. For the multimedia market, Toshiba unveiled a VGA-compatible TV that can connect directly to a PC. The combination of TV and computer functions is ideal for use as a presentation tool for academic and business clients.

Despite favorable results in expanding Asian markets, VCR sales remained flat mainly due to the downward pressure on prices in Japan. The company's high-end S-VHS unit, which incorporates a

three-dimensional digital filter to optimize picture quality, continued to receive strong market support. Another industry first was a hi-fi VHS VCR that uses a three-dimensional digital noise-reduction circuit. This picture-enhancing function had previously been limited only to premium-grade S-VHS models.

One of Toshiba's key strategic goals is to ensure the competitiveness of its VCR products on a global scale. To this end, the company took several steps to optimize the logistics of its VCR operations. In Singapore, International Video Products Pte., Ltd. (IVP), Toshiba's joint venture with Thomson Multimedia, has been expanding its VCR production to serve the steadily expanding world market. In April 1995, Toshiba established a company in Singapore to develop, design and market VCRs. Working closely with IVP, the new company is expected to play a pivotal role in Toshiba's global VCR activities. As part

Toshiba significantly extended its capabilities in digital video technology in March 1995 through a Digital Satellite System (DSS) licensing agreement with DIRECTV, Inc., a unit of GM Hughes Electronics. The agreement allows Toshiba America Consumer Products to manufacture and market satellite-receiving TV equipment. The company expects to introduce its first DSS equipment in the United States in mid-1996.

Household Appliances

Record-setting heat in Japan last summer sparked a substantial increase in air-conditioner demand, which boosted overall sales of Toshiba's household appliances. The lighting sector also posted higher sales. Toshiba continued to distinguish itself as a leader in energy-conserving designs; the company's expanded line-up of air conditioners featuring ultra-



As record-breaking summer heat boosted air-conditioner sales in Japan, Toshiba responded with ultra-efficient models featuring digital twin-rotary compressors.



Planes can land safely at Kansai International Airport thanks in part to advanced lighting and power-supply systems from Toshiba Lighting & Technology Corporation.



Unsurpassed quality and reliability have earned Toshiba's silicon nitride ceramic a place in the main engine of NASA's Space Shuttle.

of the ongoing realignment of consumer-product operations in Europe, Toshiba integrated VCR production at its TV plant in the United Kingdom. This move allows VCR operations to draw upon the plant's extensive TV production technology, while facilitating component-sharing between the two product lines. Along with VCR plants in Japan and Singapore, the U.K. plant gives Toshiba a highly efficient global supply capability.

New Visual Systems

Toshiba enjoyed great success with its new Video Wall projection-TV system. By combining several projectors, the system generates an extremely large image with excellent resolution. A revolutionary concept in the video field, the company's Video Wall is already showing signs of carving out a new niche in the rapidly expanding large-screen video display market.

high-efficiency digital twin-rotary compressors met with favorable market response. Toshiba also set new efficiency standards for washing machines with the introduction of fully automatic models that halve the time and volume of water required for the washing cycle. The company has also nearly finished shifting production to refrigerators that do not use regulated chlorofluorocarbons (CFCs).

Toshiba is reinforcing the production of household appliances overseas to meet consumer demand both in Japan and in growing Asian markets. The company's Thailand plant is working to expand capacity for air conditioners and refrigerators.

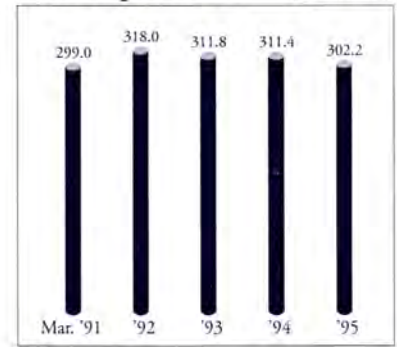
Materials and Other Products

Sales of materials and other products were up sharply, led by healthy results in silicon wafers, semiconductor materials, chemicals and glass products.

RESEARCH & DEVELOPMENT

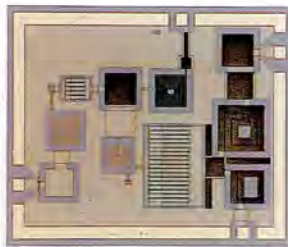
Toshiba continues to focus its R&D expenditures on rapidly expanding fields to ensure the efficient use of its resources. Fields related to the company's Advanced-I Project represent a substantial share of current activities, with a strong focus on the technology needed to support progress in commercializing multimedia products and systems. The topics on these pages give some idea of the breadth of Toshiba's research activities, and the scale of its technological breakthroughs.

R&D Expenditures (¥ billion)



Share of Net Sales (%)

Year	Share of Net Sales (%)
Mar. '91	6.4
'92	6.7
'93	6.7
'94	6.7
'95	6.3



Designed for Japan's digital mobile phone market, this gallium-arsenide PHS power-amplifier IC will reduce the size and cost of transceivers.



This "virtual reality" based CAE system speeds evaluations of main control room designs in nuclear power stations and supports operator training.

Real-Time Compression for Digital Moving Pictures

Compression systems are integral to the creation of high-speed, high-volume multimedia networks and services. Toshiba made significant advances in this area with the development of a real-time video encoder based on MPEG2 international standards for moving-image compression. By reducing digital video signals to between just 10 and 2.5 percent of original volume, the encoder allows networks and software to handle much larger amounts of video programming. Early applications are expected to include cable transmission systems that carry multiple TV program signals along a single data channel, moving-image storage on computer hard-disk drives, the production of video discs, and video conferencing.

Wireless LAN Technology Makes Networking Easy

Currently, two major trends in computers are extended networking and the heightened mobility of smaller, lighter computers. To support both of these trends, Toshiba has developed wireless networking technology

for portable information terminals that makes possible the creation of server-free networks any place, any time. By using either wireless LAN (local area network) cards or infrared transceivers, together with newly developed software, portable computer users can form a network of two or more computers with ease.

Paving the Way for Personal Handyphone System (PHS)

Toshiba unveiled a power amplifier module—the world's smallest—for Japan's new PHS digital mobile phone system, slated to begin commercial service in July 1995. This technology is a great boost in the drive to make hand-held phones smaller and lighter. The module measures just 5.5 x 5.5 x 2.0mm, about a third of the size of similar components now undergoing testing. The module incorporates a monolithic gallium-arsenide power amplifier IC which utilizes refractory gate technology to assure a simple process, high reliability and long-term device stability. Another advantage is its low voltage of 2.7V, which greatly cuts down battery drain.

In another move to support PHS, Toshiba developed a direct conversion receiver IC for digital mobile communications. Featuring a high degree of integration, the IC requires few external components. Moreover, the direct frequency-conversion eliminates the need for IF filters. Altogether, the IC almost halves the number of circuit elements from that of current phones.

IC Process for Futuristic Quantum-Effect Chips

Quantum-effect devices exploit the wave-like properties electrons have at an atomic level. They might lead to revolutionary products such as optical memories that store data at the single-electron level, and ultra-fast logic circuits and switches. Making quantum-effect chips entails many difficulties, however, among them the fabrication of nanostructures measuring no more than 10 atoms across. Researchers at the Toshiba Cambridge Research Centre in England, working with Cambridge's

directly through a chemical reaction. The company passed an important milestone in March 1995 when a Toshiba-developed 1,000kW unit reached its rated load, becoming the world's highest-output on-site fuel cell. The power-generation efficiency of the cell has already surpassed design specifications. Plans call for full-scale research activities using this cell later in the year.

70-Micron-Pitch Outer Lead Bonding System for LCDs

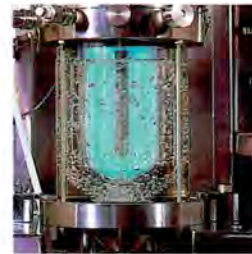
Toshiba has unveiled an advanced outer lead bonding system for use in LCD production. The system can mount tape-carrier-packaged driver-ICs on LCD panels with 70-micron-pitch pads. Moreover, the system enables the bonding of tape carrier packages with a remarkable 5-micron accuracy. Maintaining ultra-fine pitch bonding during mass production proved to be a stumbling block, but Toshiba overcame this obstacle by incorporating a pulse-heat method to control temperature with absolute precision.



This 1.3-gigabyte phase-change optical disc drive is the forerunner of similar models that will bring large-capacity, overwriteable storage systems to multimedia products.



The world's smallest, fastest 256M DRAM memory chip, jointly developed by Toshiba, IBM and Siemens, will vastly enhance the capabilities of future computers.



CFC decomposition using ultraviolet irradiation is just one of many achievements arising from Toshiba's efforts to protect the global environment.

Cavendish Laboratory, have developed the world's first process enabling these chips to be fabricated on a wafer-sized scale, just like conventional ICs.

Rapidly Rechargeable Lithium-Ion Batteries Get Capacity Boost

Environmentally friendly lithium-ion batteries are often touted as the key to unlock the next generation of compact, rechargeable power supplies—vital to a host of portable electronic equipment. By means of a new mesophase pitch carbon fiber for the negative electrode, Toshiba increased battery capacity by 20 percent at temperatures as low as -20°C , while slashing recharging time by more than half. Toshiba began producing these batteries on a commercial scale in the spring of 1995.

Toshiba 1,000kW Fuel Cell Up and Running

With almost two decades of experience, Toshiba is a leader in the field of fuel cells, which generate electricity

Toshiba Completes Pilot Fuel-Oil Reclamation Plant

Operations at Toshiba's pilot plant for reclaiming fuel-oil from waste plastics went on-stream in the summer of 1994. Located at the company's Keihin Product Operations, the pilot plant represents a major stride toward the commercialization of this ecologically advanced technology. Each 11-hour reclamation cycle can handle as much as a hefty 250 kilograms of waste plastic. Toshiba plans to begin operating full-scale commercial plants in the latter half of fiscal 1995.

Compact Ultraviolet CFC Decomposition System

Toshiba has developed a low-cost system that uses ultraviolet rays in a two-step method to decompose gaseous CFCs into sodium chloride, or regular table salt. Since the process takes place at ambient temperatures and pressures, decomposition can be carried out by a relatively simple and compact apparatus.

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MANAGEMENT'S DISCUSSION & ANALYSIS

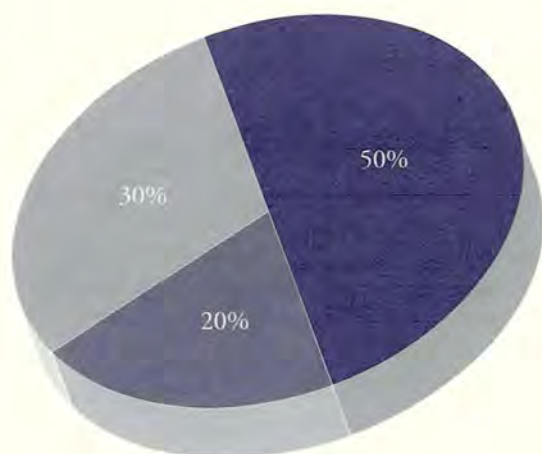
FIVE-YEAR SUMMARY

Toshiba Corporation and its subsidiaries
Years ended March 31

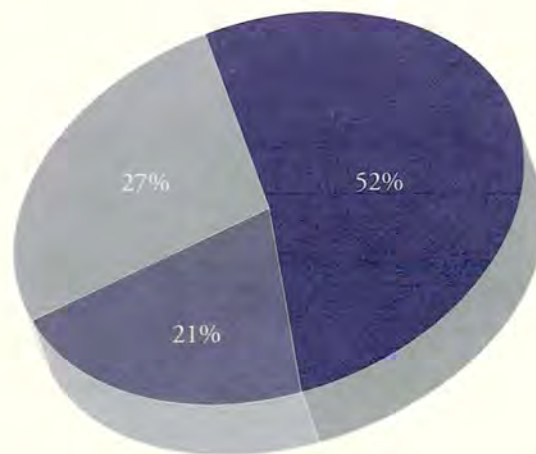
	Millions of yen, except per share amounts				
	1995	1994	1993	1992	1991
Net sales	¥4,790,766	¥4,630,907	¥4,627,499	¥4,722,383	¥4,695,394
Cost of sales	3,396,523	3,345,120	3,300,853	3,310,572	3,178,509
Selling, general and administrative expenses	1,266,233	1,217,802	1,246,418	1,293,351	1,254,782
Income before income taxes and minority interests	120,674	90,190	85,982	114,857	258,853
Income taxes	67,607	75,506	63,045	78,514	140,153
Net income	44,693	12,140	20,551	39,487	120,852
Per share of common stock:					
Net income	¥13.54	¥ 3.78	¥ 6.40	¥12.04	¥35.72
Cash dividends	10.00	10.00	10.00	10.00	10.00
Total assets	¥5,463,290	¥5,350,690	¥5,629,875	¥5,724,439	¥5,530,370
Shareholders' equity	1,118,808	1,117,725	1,148,813	1,182,050	1,178,753
Number of employees	190,000	175,000	173,000	168,000	162,000

Notes: 1. The computation of the above per share amounts has been based on the average number of shares outstanding during each period appropriately adjusted for common stock equivalents.
2. The company has not adopted Statement of Financial Accounting Standards (SFAS) No. 115 "Accounting for Certain Investments in Debt and Equity Securities" which became effective from the fiscal year beginning April 1, 1994. The effects on the consolidated financial statements of not adopting SFAS No. 115 and the disclosures required by SFAS No. 115 are summarized in a note to the consolidated financial statements.

Sales Composition



Year ended March 31, 1991



Year ended March 31, 1995

- Information/Communication Systems and Electronic Devices
- Heavy Electrical Apparatus
- Consumer Products and Others

Note: Shares of net sales are based on net sales before elimination of intersegment transactions.

Results of Operations

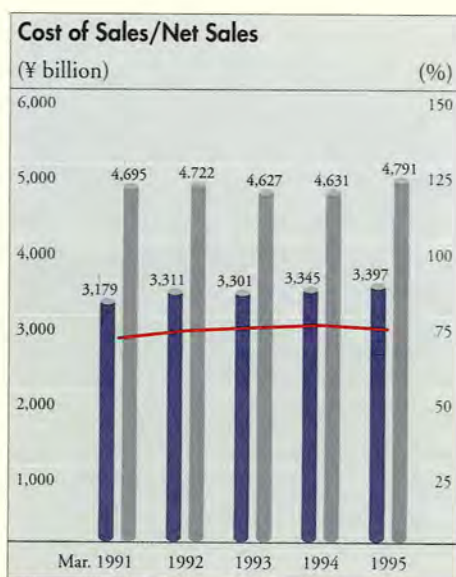
Net Sales by Industry Segment

Years ended March 31	Billions of yen		
	1995	1994	1993
Information/Communication Systems and Electronic Devices	¥2,664.6	¥2,438.0	¥2,438.5
Heavy Electrical Apparatus	1,086.8	1,231.8	1,134.9
Consumer Products and Others	1,383.8	1,314.2	1,422.1
Intersegment	(344.4)	(353.1)	(368.0)
Net sales	<u>¥4,790.8</u>	<u>¥4,630.9</u>	<u>¥4,627.5</u>

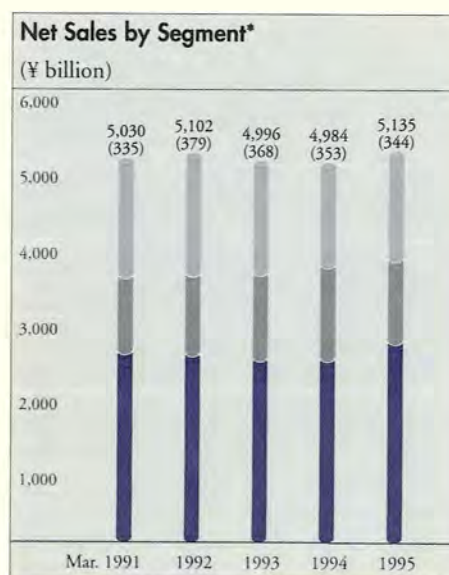
For the year to March 31, 1995, Toshiba Corporation posted record sales of ¥4,790.8 billion (US\$53,829 million), an increase of 3 percent. Exchange-rate movements lowered sales by ¥59.0 billion for the year. While sales in Japan rose 2 percent to ¥3,287.7 billion, overseas sales were up 7 percent to ¥1,503.1 billion. Overseas production totaled ¥550.0 billion, far above the ¥400.0 billion in the previous fiscal year. Toshiba consolidates the results of 294 subsidiaries, 221 in Japan and 73 overseas, and uses the equity method of accounting for 25 affiliates, 17 of which are located in Japan.

Growth in overseas sales was largely responsible for the higher sales of information/communication systems and electronic devices. Semiconductor results, backed by robust global markets for personal computers and mobile communications

products, were excellent. Memory and logic devices posted much higher sales in Japan and overseas, and LSIs for consumer products and discrete devices enjoyed particularly brisk activity in Southeast Asia. While LCDs were somewhat affected by lower unit prices, sales rose sharply in the wake of expanding PC output and the heightened use of color displays. PC sales, mainly of notebook models and including exports from Japan to the United States, were up by a wide margin. Sales of peripherals were also strong, notably among hard-disk and CD-ROM drives. In other product sectors, cellular and car phones achieved significant sales growth in Japan and overseas, and demand for automated equipment for both railroads and the post office was strong in Japan. Sales of medical equipment were up in Japan, but lower in other markets.



■ Cost of Sales
■ Net Sales
— Cost of Sales/Net Sales (%)



■ Consumer Products and Others
■ Heavy Electrical Apparatus
■ Information/Communication Systems and Electronic Devices

* Intersegment elimination in parentheses

Heavy electrical apparatus results reflect a large decline in nuclear power plant sales and other work for electric utilities in Japan. Demand for upgrades and maintenance for nuclear power plants offset this decline to some degree. Slow economic growth and competition from imports hindered performance of transportation equipment and industrial motors in Japan. Lower completions of large power-generation projects and a decline in transportation equipment held down overseas segment results, but sales of elevators and escalators as well as industrial machinery were higher, particularly in Southeast Asia.

Net Sales by Region

Years ended March 31	Billions of yen		
	1995	1994	1993
Japan	¥3,287.7	¥3,227.8	¥3,248.8
North America	594.9	518.6	513.2
Europe	321.1	302.1	325.4
Asia	481.2	469.9	424.2
Others	105.9	112.5	115.9
Total Overseas	¥1,503.1	¥1,403.1	¥1,378.7

Japan – Strong growth in information/communication systems and electronic devices coupled with somewhat higher sales in consumer products and others were responsible for the sales increase in Japan. Heavy electrical apparatus results were down, as power plant-related work fell and orders for industrial equipment and elevators and escalators remained sluggish.

North America – Notebook PCs, semiconductors and computer peripherals were the source of much of the sales growth in North America. Large-screen TVs also performed well.

Sales of consumer products and others rose despite mounting competition and pressure on unit prices. In Japan, which represents about three-fourths of this segment, air conditioner sales rose about 20 percent, backed by scorching summer heat and the introduction of models featuring energy-saving designs. Much higher sales of wide-screen TVs were another factor in domestic sales growth. However, conventional TV sales in Japan were limited by rising imports, and VCR unit prices fell as well. Overseas sales rose considerably, mainly for color TVs and VCRs to China and other parts of Asia.

Europe – Notebook PC sales were strong, as Toshiba captured the number one market share in Europe. Semiconductors also contributed to the higher regional sales. To solidify its marketing activities, local subsidiaries involved in consumer products and information systems were merged.

Asia and Other Regions – Color TVs, VCRs and other video equipment posted strong sales gains, as did ICs for consumer products.

Overseas Sales



Year ended March 31, 1995

Operating Income

The following segment information is based on Japanese accounting standards.

Industry Segments

Years ended March 31					(¥ billion)
	Information/ Communication Systems and Electronic Devices	Heavy Electrical Apparatus	Consumer Products and Others	Eliminations	Consolidated
1995					
Net sales					
Unaffiliated customers	¥2,469.9	1,005.1	1,315.8	—	4,790.8
Intersegment	194.7	81.7	68.0	(344.4)	—
Total	2,664.6	1,086.8	1,383.8	(344.4)	4,790.8
Operating income (loss)	¥ 108.7	29.6	(10.2)	(0.1)	128.0
1994					
Net sales					
Unaffiliated customers	¥2,248.7	1,150.8	1,231.4	—	4,630.9
Intersegment	189.3	81.0	82.8	(353.1)	—
Total	2,438.0	1,231.8	1,314.2	(353.1)	4,630.9
Operating income (loss)	¥ 36.9	54.1	(23.0)	—	68.0
1993					
Net sales					
Unaffiliated customers	¥2,243.5	1,049.2	1,334.8	—	4,627.5
Intersegment	195.0	85.7	87.3	(368.0)	—
Total	2,438.5	1,134.9	1,422.1	(368.0)	4,627.5
Operating income (loss)	¥ 35.1	60.4	(15.3)	—	80.2

Geographic Segments

Year ended March 31	Japan	Overseas	Elimination	Consolidated
1995				
Net sales				
Unaffiliated customers	¥3,670.8	1,120.0	—	4,790.8
Intersegment	699.8	42.1	(741.9)	—
Total	4,370.6	1,162.1	(741.9)	4,790.8
Operating income (loss)	¥ 93.3	36.5	(1.8)	128.0

Net Income

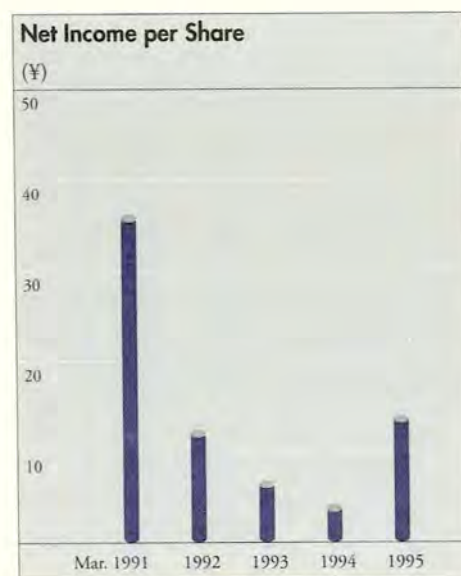
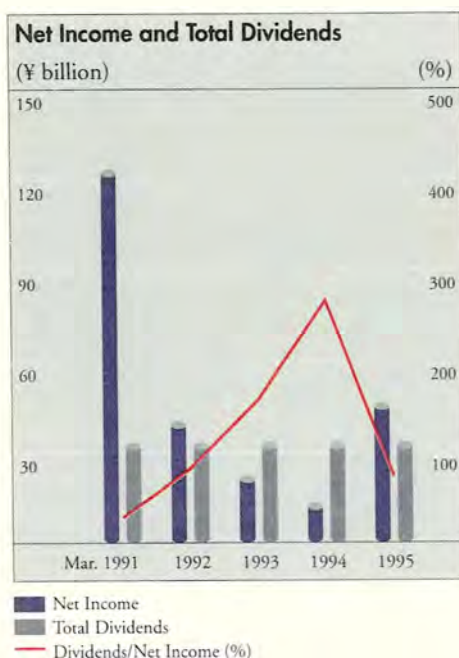
Years ended March 31	As percent of net sales		
	1995	1994	1993
Cost of sales	70.9	72.2	71.3
Selling, general and administrative expenses	26.4	26.3	26.9
Income before income taxes and minority interests	2.5	1.9	1.9
Net income	0.9	0.3	0.4

Net income climbed ¥32.6 billion to ¥44.7 billion (US\$502 million), while net income per share of common stock rose to ¥13.54 and cash dividends applicable to the year were unchanged at ¥10.00. This performance is chiefly attributable to a sizable increase in the earnings of information/communication systems and electronic devices due to higher semiconductor and PC sales, and to a reduction in the loss of consumer products and others, reflecting progress in restructuring and brisk air-conditioner sales in Japan. Improved performance at several large domestic consolidated subsidiaries also contributed to the rebound in consolidated earnings.

The cost of sales fell as a percentage of sales, a result of higher production volume in several major product groups on top of steps to cut costs and expand overseas procurement and manufacturing activities. Selling, general and administrative expenses were largely unchanged as a percentage of sales, as Toshiba sustained its aggressive marketing and research and development activities. R&D expenses, the majority of which are included in SGA, were ¥302.2 billion (US\$3,395 million), compared with ¥311.4 billion one year earlier.

Following an almost threefold rise in the operating income of the information/communication systems and electronic devices segment, total operating income climbed 88 percent to ¥128.0 billion (US\$1,438 million). The net effect of cost reductions, increases in productivity and in value added, and unit volume gains on operating income was approximately ¥150.0 billion. The yen's appreciation during the year reduced operating income by ¥53.0 billion, while higher personnel expenses and other costs lowered operating income by ¥37.0 billion.

Income before income taxes and minority interests rose 34 percent to ¥120.7 billion (US\$1,356 million). Interest expenses were down 3 percent to ¥89.6 billion (US\$1,007 million), mainly a factor of lower interest rates. Combined with somewhat higher interest and dividend income, this reduced net financial expenses by ¥6.4 billion to ¥43.9 billion (US\$494 million). The January 1995 earthquake in Kobe incurred about ¥4.0 billion in expenses. Foreign exchange movements reduced other income by ¥22.5 billion, leading to a total foreign-exchange impact of ¥75.5 billion on income before income taxes and minority interests.



Income taxes fell despite the higher earnings mainly because of improved performance at many consolidated subsidiaries, which enabled them to utilize loss carry-forwards. Together

with much lower losses at equity-method affiliates, this yielded net income of ¥44.7 billion (US\$502 million), and net income per share of ¥13.54.

Research and Development

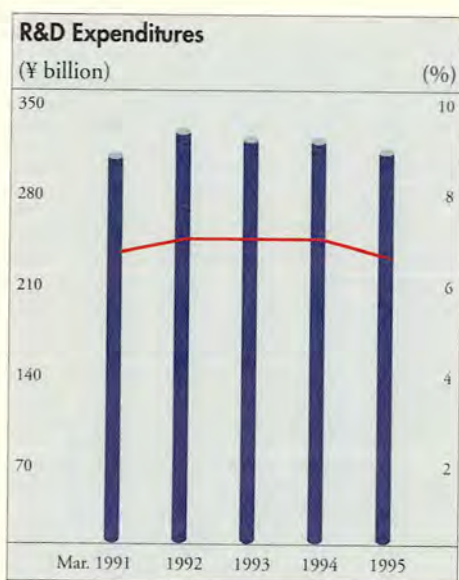
For the year ended March 31, 1995, consolidated research and development expenditures totaled ¥302.2 billion (US\$3,395 million), compared with ¥311.4 billion in the previous fiscal year. These expenditures were down as a percentage of net sales from 6.7 percent to 6.3 percent. The slight reduction in the R&D budget is a reflection of a concerted effort to target only fields that hold great promise.

The yen's appreciation, which brings down expenditures at overseas R&D centers in yen terms, was another factor. A major share of R&D expenditures during the year went toward multimedia-related activities, fuel cells, combined-cycle power generation, nuclear power plants, and nickel-hydrogen batteries. Toshiba expects R&D expenditures to be approximately ¥310.0 billion in fiscal 1995.

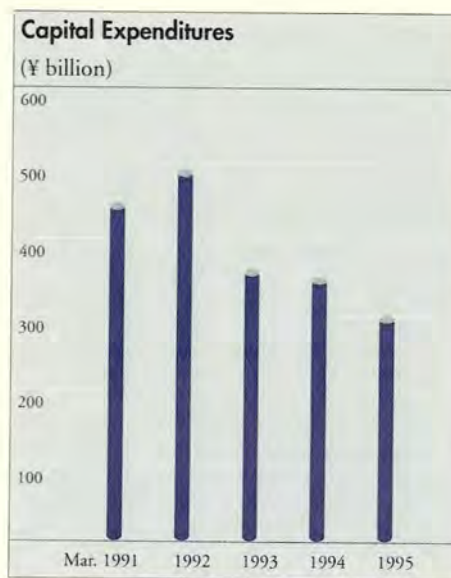
Capital Expenditures

Capital expenditures were down ¥50.8 billion to ¥293.8 billion (US\$3,301 million). Most of these investments represent added production capacity outside Japan, facilities for new products, and projects to boost the productivity and performance of existing products. Information/communication systems and electronic devices claim the largest share of expenditures. Toshiba invested heavily in

facilities for semiconductors, PCs and LCDs, in particular. In Japan, major expenditures were for semiconductor memory production facilities at Yokkaichi plant and Oita plant. Outside Japan, picture tube facilities at Toshiba Display Devices (Thailand) Co., Ltd. were one of the largest expenditures. Management estimates fiscal 1995 capital expenditures at approximately ¥300.0 billion.



■ R&D Expenditures
— Percent of Net Sales (%)



Financial Position

Capitalization

As of March 31	Billions of yen		
	1995	1994	1993
Short-term borrowings and current portion of long-term debt	¥ 876.7	¥ 865.4	¥1,054.1
Long-term debt	1,039.0	1,010.4	967.8
Shareholders' equity	1,118.8	1,117.7	1,148.8
Debt to total capitalization	63%	63%	64%

Toshiba's consolidated debt-to-total-capitalization ratio was largely unchanged as the company funded capital expenditures and other needs mainly with internal resources. Total borrowings at year's end were ¥1,915.7 billion (US\$21,525 million), compared with ¥1,875.8 billion a year earlier. Current assets increased, chiefly the result of higher cash and

cash equivalents and higher notes and accounts receivable, trade, which rose along with sales. Net property, plant and equipment was mostly unchanged, again reflecting heightened selectivity in entering new projects and progress in raising productivity at existing facilities.

Cash Flows

Summary of Cash Flows

Years ended March 31	Billions of yen		
	1995	1994	1993
Net cash provided by operating activities	¥392.6	¥266.5	¥271.5
Net cash used in investing activities	(321.6)	(231.0)	(399.4)
Net cash (used in) provided by financing activities	(19.0)	(170.6)	18.9
Effect of exchange rate changes on cash and cash equivalents	5.4	29.3	19.8
Net increase (decrease) in cash and cash equivalents	¥ 57.4	(¥105.8)	(¥ 89.2)

Net cash provided by operating activities increased by ¥126.1 billion to ¥392.6 billion (US\$4,411 million) in fiscal 1994. Higher net income and depreciation were largely responsible for this increase. Another major factor was a smaller decrease in advance payments received, due in large part to the timing of progress payments on power plant projects. Cash was used primarily for the acquisition of property and equipment, mainly in fields of business

with excellent growth prospects and where Toshiba's technical edge is most valuable. Cash remaining after investing activities and cash dividends was used to reduce borrowings and to raise the company's cash and cash equivalents. In fiscal 1995, Toshiba will continue to pursue a financial policy designed to maximize operating cash flow. The proceeds will again be applied mainly to capital expenditures, debt reductions and cash dividends.

Principal Subsidiaries and Affiliated Companies

As of March 31, 1995

Percentage held by Group

Consolidated Subsidiaries:		Affiliated Companies:	
Toshiba Elevator Technos Co., Ltd.	100	Showa Electric Wire & Cable Co., Ltd.	21
Toshiba Engineering & Construction Co., Ltd.	52	TEC Corporation	46
Toshiba America Electronic Components, Inc.	100		
Toshiba America Information Systems, Inc.	100		
Toshiba America, Inc.	100		

CONSOLIDATED BALANCE SHEETS

Toshiba Corporation and its subsidiaries
As of March 31, 1995 and 1994

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	1995	1994	1995
Current assets (Note 6):			
Cash and cash equivalents	¥ 653,033	¥ 595,601	\$ 7,337,450
Marketable securities (Note 3)	154,229	172,553	1,732,910
Notes and accounts receivable, trade—			
Notes	253,164	237,580	2,844,539
Accounts	967,584	907,953	10,871,730
Allowance for doubtful notes and accounts	(31,301)	(31,541)	(351,697)
Inventories (Note 4)	1,127,806	1,102,249	12,671,978
Prepaid expenses and other current assets	218,741	218,958	2,457,764
Total current assets	3,343,256	3,203,353	37,564,674
 Long-term receivables and investments (Note 6):			
Long-term receivables	211,002	197,489	2,370,809
Investments in and advances to affiliated companies (Note 5)	115,257	116,446	1,295,023
Other investments (Note 3)	245,424	271,948	2,757,573
Total	571,683	585,883	6,423,405
 Property, plant and equipment (Note 6):			
Land	162,559	147,892	1,826,506
Buildings	930,550	878,715	10,455,618
Machinery and equipment	2,381,428	2,337,423	26,757,618
Construction in progress	65,623	79,944	737,337
Total	3,540,160	3,443,974	39,777,079
Less – Accumulated depreciation	(2,207,674)	(2,112,362)	(24,805,326)
Total	1,332,486	1,331,612	14,971,753
 Other assets	215,865	229,842	2,425,449
Total	¥5,463,290	¥5,350,690	\$61,385,281

The accompanying notes are an integral part of this statement.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	1995	1994	1995
Current liabilities:			
Short-term borrowings (Note 6)	¥ 703,240	¥ 700,069	\$ 7,901,573
Current portion of long-term debt (Note 6)	173,497	165,326	1,949,405
Notes payable, trade	315,146	299,987	3,540,966
Accounts payable, trade	596,641	518,754	6,703,831
Notes and accounts payable for construction	49,829	66,235	559,876
Accrued income and other taxes	66,744	61,958	749,933
Advance payments received	443,123	466,474	4,978,910
Employees' savings deposits	100,861	92,973	1,133,270
Accrued expenses and other current liabilities	437,488	380,137	4,915,596
Total current liabilities	2,886,569	2,751,913	32,433,360
Long-term liabilities:			
Long-term debt (Note 6)	1,038,958	1,010,440	11,673,686
Liability for severance indemnities (Note 7)	337,421	342,883	3,791,247
	1,376,379	1,353,323	15,464,933
Minority interests in consolidated subsidiaries	81,534	127,729	916,112
Shareholders' equity (Note 11):			
Common stock, ¥50 par value –			
Authorized – 10,000,000,000 shares			
Issued and outstanding:			
1995 – 3,218,967,779 shares	274,904	–	3,088,809
1994 – 3,213,690,447 shares	–	273,744	–
Additional paid-in capital	285,715	284,561	3,210,281
Legal reserve	65,303	61,756	733,742
Retained earnings appropriated for cash dividends	16,094	16,068	180,831
Retained earnings (Note 6)	563,634	554,662	6,332,966
Cumulative translation adjustment	(86,842)	(73,066)	(975,753)
	1,118,808	1,117,725	12,570,876
Commitments and contingent liabilities (Note 13)			
	¥5,463,290	¥5,350,690	\$61,385,281

CONSOLIDATED STATEMENTS OF CASH FLOWS

Toshiba Corporation and its subsidiaries
For the years ended March 31, 1995 and 1994

	Millions of yen		Thousands of U.S. dollars (Note 2)
	1995	1994	1995
Cash flows from operating activities:			
Net income	¥ 44,693	¥ 12,140	\$ 502,169
Adjustments to reconcile net income to net cash provided by operating activities –			
Depreciation and amortization	297,433	259,945	3,341,944
Provision for severance indemnities, less payments	7,286	4,712	81,865
Deferred income taxes	(4,824)	13,903	(54,202)
Equity in loss of affiliated companies	5,419	13,276	60,888
Loss on sale and disposal of property and securities, net	13,707	4,867	154,011
Minority interests in income (loss) of consolidated subsidiaries	2,955	(10,732)	33,202
(Increase) decrease in notes and accounts receivable, trade	(15,305)	14,800	(171,966)
(Increase) decrease in inventories	(45,772)	52,283	(514,292)
Decrease (increase) in other current assets	8,186	(6,017)	91,977
Increase in long-term receivables	(8,156)	(1,716)	(91,640)
Increase in notes and accounts payable, trade	50,578	20,792	568,292
Increase (decrease) in accrued income and other taxes	3,151	(927)	35,404
Decrease in advance payments received	(29,529)	(100,238)	(331,787)
Increase (decrease) in other current liabilities	62,783	(10,622)	705,427
Net cash provided by operating activities	392,605	266,466	4,411,292
Cash flows from investing activities:			
Proceeds from sale of property and securities	25,834	52,224	290,270
Acquisition of property and equipment	(293,823)	(282,531)	(3,301,382)
Purchase of marketable securities	(1,019)	(13,759)	(11,449)
Effect of deconsolidation due to change in ownership to minority interests	(26,569)	(783)	(298,528)
Decrease (increase) in investments in affiliated companies	2,128	(5,870)	23,910
(Increase) decrease in other investments	(23,268)	29,294	(261,438)
Increase in other assets and other	(4,902)	(9,605)	(55,079)
Net cash used in investing activities	(321,619)	(231,030)	(3,613,696)
Cash flows from financing activities:			
Proceeds from long-term debt	255,298	241,029	2,868,517
Repayment of long-term debt	(214,284)	(318,917)	(2,407,685)
Dividends paid	(32,148)	(32,123)	(361,214)
Decrease in short-term borrowings	(27,853)	(60,601)	(312,955)
Net cash used in financing activities	(18,987)	(170,612)	(213,337)
Effect of exchange rate changes on cash and cash equivalents	5,433	29,332	61,045
Net increase (decrease) in cash and cash equivalents	57,432	(105,844)	645,304
Cash and cash equivalents at beginning of year	595,601	701,445	6,692,146
Cash and cash equivalents at end of year	¥653,033	¥595,601	\$7,337,450
Supplemental disclosure of cash flow information:			
Cash paid during the year for –			
Interest	¥ 84,132	¥ 84,948	\$ 945,303
Income taxes	¥ 64,724	¥ 64,306	\$ 727,236

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Toshiba Corporation and its subsidiaries

1. 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, including those relating to the tax effects of temporary differences and the accrual of certain expenses, have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books.

Basis of consolidation and investments in affiliated companies –

The consolidated financial statements include the accounts of the company and those of its subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

Investments in affiliated companies (20 to 50 percent-owned companies) in which the ability to exercise significant influence exists are stated at cost plus equity in undistributed earnings. Net consolidated income includes the company's equity in the current net earnings (losses) of such companies, after elimination of unrealized intercompany profits.

Goodwill recognized at the time of investments in subsidiaries and affiliated companies is amortized on a straight-line basis over the estimated period of benefit.

Consolidated statement of cash flows –

For purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Foreign currency translation –

The assets and liabilities of foreign subsidiaries are translated into Japanese yen at applicable current rates at year end. Income and expense items are translated at average rates prevailing during the year. The effects of these translation adjustments are reported in the cumulative translation adjustment component of shareholders' equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in the consolidated statement of operations.

Revenue recognition –

Sales of finished products, other than under long-term contracts, are recorded in the accounts as shipments are made, except for sales of certain products which are recorded in the accounts upon customer acceptance.

Sales under long-term contracts are generally recorded in the accounts upon final deliveries of equipment. Income from related installation work is recognized in the accounts as the work is completed and accepted by customers.

Marketable securities and other investments –

Marketable equity securities included in marketable securities (current) and other investments (non-current) are stated at the lower of cost or market in the aggregate. Other marketable securities included in marketable securities (current) are stated at the lower of cost or market in the aggregate and investments other than marketable equity securities in other investments (non-current) are stated at cost less any significant decline in fair value assessed to be other than temporary.

Realized gains and losses on the sale of securities are based on the average cost of all the units of a particular security held at the time of sale.

Inventories –

Raw materials and finished products are stated at the lower of cost or market, cost being determined principally by the average and first-in, first-out methods, respectively.

Work in process is stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs for contract items and at production costs determined by the first-in, first-out method for regular production items.

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 and depreciation –

Property, plant and equipment, including significant renewals and additions, are carried at cost. When retired or otherwise disposed of, the cost and related depreciation are cleared from the respective accounts and the net difference, less any amount realized on disposal, is included in earnings. Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Depreciation is computed generally by a declining-balance method at rates based on the estimated useful lives of the related assets, according to general class, type of construction and use.

Income taxes –

Deferred income taxes are recorded to reflect the tax consequences on future years of temporary differences between the tax bases of assets and liabilities and their financial reported amounts at year end and are measured by applying currently enacted tax laws.

Liability for severance indemnities –

The company and its subsidiaries have various retirement benefit plans covering substantially all of their employees. Current service costs of the retirement benefit plans are determined and accrued in accordance with an actuarial method (See Note 7).

Earnings per share –

Earnings per share amounts are based on the average number of shares outstanding during each period appropriately adjusted for common stock equivalents.

Reclassification –

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

2. U.S. dollar amounts:

U.S. dollar amounts are included solely for convenience. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally

accepted accounting principles for the translation of foreign currency amounts. The rate of ¥89=US\$1, the approximate current rate of exchange at March 31, 1995, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

3. Marketable securities and other investments:

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," addressing the accounting and reporting for certain investments in debt and equity securities classified as held-to-maturity, trading, or available-for-sale securities. Under the new standard, the debt and equity securities owned by the company should be classified as available-for-sale securities and should be reported at fair value

with unrealized gains and losses, net of related taxes, excluded from earnings and reported in a separate component of shareholders' equity until realized. However, the company has not adopted this standard which became effective from the fiscal year beginning April 1, 1994.

The effect on balance sheet items of the company's departure from the provisions of SFAS No. 115 as of March 31, 1995 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Shareholders' equity as reported	¥1,118,808	\$12,570,876
Net increase in the carrying amount of:		
Marketable securities	231,929	2,605,944
Other investments	31,851	357,876
Net decrease in deferred tax assets:		
Prepaid expenses and other current assets	(119,125)	(1,338,483)
Other assets	(16,394)	(184,202)
Net decrease in minority interests	600	6,742
Net increase in investments in affiliated companies	7,414	83,303
Net unrealized gain on available-for-sale securities	136,275	1,531,180
Shareholders' equity in accordance with accounting principles generally accepted in the United States of America	¥1,255,083	\$14,102,056

The net unrealized gain on available-for-sale securities decreased by ¥34,396 million (\$386,472 thousand) during the year ended March 31, 1995.

The aggregate carrying amount, 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, 1995 and 1994 are as follows:

	Carrying amount	Gross unrealized holding gains	Gross unrealized holding losses	(Millions of yen)
				Fair value
March 31, 1995:				
Equity securities	¥124,684	¥278,825	¥15,386	¥388,123
Debt securities	63,745	341	—	64,086
	¥188,429	¥279,166	¥15,386	¥452,209
March 31, 1994:				
Equity securities	¥127,683	¥344,440	¥14,135	¥457,988
Debt securities	84,346	1,282	—	85,628
	¥212,029	¥345,722	¥14,135	¥543,616

	Carrying amount	Gross unrealized holding gains	(Thousands of U.S. dollars)	
			Gross unrealized holding losses	Fair value
March 31, 1995:				
Equity securities	\$1,400,944	\$3,132,866	\$172,877	\$4,360,933
Debt securities	716,236	3,831	-	720,067
	<u>\$2,117,180</u>	<u>\$3,136,697</u>	<u>\$172,877</u>	<u>\$5,081,000</u>

At March 31, 1995, debt securities mainly consist of bank debt securities.

Contractual maturities of debt securities classified as available-for-sale were as follows at March 31, 1995:

	Millions of yen		Thousands of U.S. dollars	
	Carrying amount	Fair value	Carrying amount	Fair value
Due within one year	¥33,172	¥33,175	\$372,719	\$372,753
Due after one year	30,573	30,911	343,517	347,314
	<u>¥63,745</u>	<u>¥64,086</u>	<u>\$716,236</u>	<u>\$720,067</u>

The proceeds from sales of available-for-sale securities for the years ended March 31, 1995 and 1994 were ¥14,258 million (\$160,202 thousand) and ¥44,208 million, respectively. The gross realized gains on those sales for the years ended March 31,

1995 and 1994 were ¥1,177 million (\$13,225 thousand) and ¥5,237 million, respectively. The gross realized losses on those sales for the years ended March 31, 1995 and 1994 were ¥1,465 million (\$16,461 thousand) and ¥2,705 million, respectively.

4. Inventories:

Inventories comprise the following:

March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Finished products	¥ 365,135	¥ 349,979	\$ 4,102,641
Work in process:			
Long-term contracts	479,927	471,500	5,392,438
Other	206,311	212,214	2,318,101
Raw materials	76,433	68,556	858,798
	<u>¥1,127,806</u>	<u>¥1,102,249</u>	<u>\$12,671,978</u>

5. Investments in affiliated companies:

Of the affiliated companies which are accounted for by the equity method, the investment in common stock of the listed companies is carried at ¥99,045 million (\$1,112,865 thousand) and ¥66,533 million at March 31, 1995 (seven companies) and 1994 (six companies), respectively. The company's investments in these

companies had a market value of ¥149,649 million (\$1,681,449 thousand) and ¥119,109 million at March 31, 1995 and 1994, respectively, based on quoted market prices at those dates.

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

	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
March 31			
Current assets	¥ 687,406	¥520,485	\$ 7,723,663
Other assets including property, plant and equipment	515,136	389,505	5,788,045
Total assets	¥1,202,542	¥909,990	\$13,511,708
Current liabilities	¥ 485,008	¥307,998	\$ 5,449,528
Long-term liabilities	421,660	392,250	4,737,753
Shareholders' equity	295,874	209,742	3,324,427
Total liabilities and shareholders' equity	¥1,202,542	¥909,990	\$13,511,708

	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Years ended March 31			
Sales	¥898,594	¥558,115	\$10,096,562
Net loss	¥ 12,834	¥ 15,796	\$ 144,202

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

	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Years ended March 31			
Sales	¥ 49,954	¥138,706	\$ 561,281
Purchases	¥136,454	¥ 76,404	\$1,533,191

	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
March 31			
Notes and accounts receivable, trade	¥11,783	¥39,579	\$132,393
Other receivables	¥ 2,100	¥ 2,513	\$ 23,596
Notes and accounts payable	¥44,002	¥23,417	\$494,404

6. Short-term borrowings and long-term debt:

Short-term borrowings primarily consist of short-term notes maturing at various dates within 180 days, of which ¥11,275 million (\$126,685 thousand) at March 31, 1995 are secured by a pledge of receivables and marketable and investment securities, together with certain fixed assets; the balance is unsecured. Substantially all of the notes 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. The company has no compensating balance agreements with any lending bank.

The average interest rate for short-term borrowings outstanding at March 31, 1995 was approximately 3.3 percent.

Long-term debt at March 31, 1995 included:

	Millions of yen	Thousands of U.S. dollars
Loans, principally from banks and insurance companies due 1995 to 2029 with interest ranging from 2.33 to 8.90 percent:		
Secured	¥ 93,461	\$1,050,124
Unsecured	621,554	6,983,753
Unsecured bonds:		
4.1 percent yen bonds due 1996	20,000	224,719
3.2 percent yen bonds due 1997 (partially swapped for LIBOR related yen obligations)	30,000	337,079
3.4 percent yen bonds due 1998	30,000	337,079
6.75 percent yen bonds due 1997 and 1999	60,000	674,157
10.375 percent U.S. dollar bonds due 1995 (swapped for 6.35 percent yen obligation)	20,570	231,124
7.0 percent yen bonds of a subsidiary due 1995 (swapped for LIBOR related U.S. dollar obligations)	6,031	67,764
8.5 percent yen Nikkei-linked notes of a subsidiary due 1995 (swapped for LIBOR related U.S. dollar obligations)	12,866	144,562
JGB futures-linked series A and B floating rate yen bonds of a subsidiary due 1998 (swapped for LIBOR related U.S. dollar obligations)	6,397	71,876
Unsecured convertible debentures:		
1.4 percent yen debentures due 1999 convertible currently at ¥1,307 per share	149,004	1,674,202
1.3 percent yen debentures due 1997 convertible currently at ¥1,307 per share	99,379	1,116,618
1.8 percent yen debentures due 2002 convertible currently at ¥724 per share	17,770	199,663
2.3 percent yen and 3.0 percent U.S. dollar debentures of a subsidiary due 1998 and 2000	12,082	135,753
5.25 percent Swiss franc and 5.0 percent U.S. dollar unsecured bonds of subsidiaries due 1995 and 1996, respectively, with detachable warrants to purchase the respective subsidiary's common stock, net of unamortized discount (partially swapped for 5.1 percent yen obligations and remainder hedged by forward exchange contracts)	17,098	192,112
2.1 percent to 6.8 percent yen or U.S. dollar medium-term notes of a subsidiary due 1995 to 2002 (swapped for LIBOR related U.S. dollar obligations)	15,743	176,888
Other	500	5,618
	1,212,455	13,623,091
Less – Portion due within one year	(173,497)	(1,949,405)
	<u>¥1,038,958</u>	<u>\$11,673,686</u>

The mortgage bonds and certain of the secured loan agreements contain provisions which permit the lenders to require additional collateral. Substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantors

for such loans. Certain of the secured and unsecured loan agreements require prior approval by the banks and trustees before any distributions (including cash dividends) may be made from current or retained earnings.

A summary of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 1995 is as follows:

	Millions of yen	Thousands of U.S. dollars
Receivables	¥ 3,700	\$ 41,573
Marketable and investment securities	633	7,113
Property, plant and equipment (net book value)	63,064	708,584
	<u>¥67,397</u>	<u>\$757,270</u>

The agreements of the convertible yen debentures (1) establish certain restrictions on the payment of dividends and (2) permit early redemption of the debentures at the option of the company, in whole or in part, at defined prices.

At March 31, 1995, 214,586 thousand shares of common stock would be issued upon conversion of all convertible debentures of the company.

The aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
1996	¥ 173,497	\$ 1,949,405
1997	390,958	4,392,787
1998	209,698	2,356,157
1999	291,968	3,280,540
2000	65,411	734,955
Thereafter	80,923	909,247
	<u>¥1,212,455</u>	<u>\$13,623,091</u>

7. Liability for severance indemnities:

All employees whose services with the company and its subsidiaries are terminated are usually entitled to lump-sum severance indemnities determined by reference to their current basic rate of pay, length of service and conditions under which the termination occurs. The benefits for the severance indemnities are reserved for or funded through accruals for employees' severance indemnities, tax-qualified pension plans and a contributory trustee employee pension fund.

Certain subsidiaries have tax-qualified pension plans which cover all or a part of the indemnities payable to qualified employees at the time of termination. The tax-qualified pension plan of the company was established on March 1, 1990 to cover a part of the indemnities payable. 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 company and several subsidiaries also have contributory trustee employee pension funds. The contributory employee pension funds are comprised of a portion covering part of the severance indemnities benefits and another portion covering social security benefits, to which the companies and employees make contributions.

The transition obligation resulting from the adoption of SFAS No. 87, "Employers' Accounting for Pensions," and prior service cost are being amortized over the remaining service years of the employees, and the "projected unit credit" actuarial method is being used to determine the net periodic pension cost and the projected benefit obligation.

Net periodic pension costs for 1995 and 1994 include the following components:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Service cost – benefits earned during the year	¥41,037	¥39,028	\$461,090
Interest cost on projected benefit obligation	53,046	51,410	596,022
Actual return on assets	(13,871)	(29,649)	(155,854)
Net amortization and deferral	4,458	12,895	50,090
Net periodic pension cost	<u>¥84,670</u>	<u>¥73,684</u>	<u>\$951,348</u>

A weighted average discount rate of 5.0 percent and 5.5 percent, an expected long-term rate of return on plan assets of 5.0 percent and 6.0 percent, and an assumed rate of increase in salary levels of 3.5 percent and 4.0 percent were used in developing the net periodic pension cost for 1995 and 1994, respectively.

The funded status of the plans and amounts recognized in the consolidated balance sheets at March 31, 1995 and 1994, were as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Actuarial present value of benefit obligation –			
Vested	¥ 698,528	¥ 681,496	\$ 7,848,629
Nonvested	180,618	166,991	2,029,416
Accumulated benefit obligation	¥ 879,146	¥ 848,487	\$ 9,878,045
Projected benefit obligation	¥1,094,202	¥1,081,623	\$12,294,405
Plan assets at fair value, primarily stocks, bonds and other fixed income investments	545,242	516,025	6,126,315
Excess projected benefit obligation over plan assets	548,960	565,598	6,168,090
Unrecognized net obligation at transition	(133,339)	(143,600)	(1,498,191)
Unrecognized prior service cost	(60,355)	(58,522)	(678,146)
Unrecognized net loss	(17,845)	(20,593)	(200,506)
Net pension liability (liability for severance indemnity)	¥ 337,421	¥ 342,883	\$ 3,791,247

8. Research and development:

Research and development costs are charged to expense as incurred and amounted to ¥302,171 million (\$3,395,180 thousand) in 1995 and ¥311,435 million in 1994.

9. Foreign exchange gains and losses:

For the years ended March 31, 1995 and 1994, the net foreign exchange gains included in income were ¥1,153 million (\$12,955 thousand) and ¥23,716 million, respectively.

10. Income taxes:

The company is subject to a number of different taxes based on income which, in the aggregate, indicate an effective normal tax rate of approximately 51.4 percent for the years ended March 31, 1995 and 1994. However, the company has realized certain tax credits and incurred certain non-deductible expenses and losses of subsidiaries.

The significant components of deferred tax assets and deferred tax liabilities recorded on the consolidated balance sheets as of March 31, 1995 and 1994 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Gross deferred tax assets:			
Inventories	¥ 24,786	¥ 25,209	\$ 278,494
Liabilities for severance indemnities	89,481	93,380	1,005,404
Tax loss carryforwards	37,481	37,612	421,135
Other	77,589	74,688	871,787
	229,337	230,889	2,576,820
Valuation allowance for deferred tax assets	(35,789)	(37,161)	(402,123)
Deferred tax assets	193,548	193,728	2,174,697
Gross deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(29,796)	(30,875)	(334,787)
Other	(32,640)	(18,529)	(366,741)
Deferred tax liabilities	(62,436)	(49,404)	(701,528)
Net deferred tax assets	¥131,112	¥144,324	\$1,473,169

The net changes in the total valuation allowance for the years ended March 31, 1995 and 1994 were a decrease of ¥1,372 million (\$15,416 thousand) and an increase of ¥18,196 million, respectively. The effects from operating loss carryforwards for the years ended March 31, 1995 and 1994 were a charge of ¥131 million (\$1,472 thousand) and a benefit of ¥17,762 million, respectively.

Available corporate tax loss carryforwards of certain subsidiaries at March 31, 1995 amounted to approximately ¥79,793 million

(\$896,551 thousand), the majority of which will expire during the period from 1996 through 2000.

Deferred income tax liabilities have not been provided on undistributed earnings of foreign subsidiaries and affiliated companies deemed indefinitely reinvested in foreign operations. It is not practicable to estimate the amount of the deferred income tax liabilities on such earnings.

11. Shareholders' equity:

The increases in the common stock and additional paid-in capital accounts resulted from the conversion of debentures and exercise of common stock purchase warrants.

The increases in the legal reserve in the years ended March 31, 1995 and 1994 were appropriations required under the Japanese Commercial Code. No further appropriations (presently a minimum of 10 percent of cash dividends and other cash out-flow from retained earnings) are required by the Commercial Code when the legal reserve equals 25 percent of capital.

Cash dividends, which are expected to be formally approved at the shareholders' meeting in June 1995, and will be payable subsequently, are shown as retained earnings appropriated for cash dividends.

An analysis of the changes for the years ended March 31, 1995 and 1994 in the cumulative translation adjustment is shown below:

March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Balance at beginning of period	(¥73,066)	(¥61,280)	(\$820,966)
Translation adjustment	(13,776)	(11,786)	(154,787)
Balance at end of period	(¥86,842)	(¥73,066)	(\$975,753)

12. Financial instruments:

The company 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 company employs a variety of derivative financial instruments, which are comprised principally of foreign currency forward exchange contracts, interest rate swap agreements and currency swap agreements, to reduce its exposures. The company does not hold or issue financial instruments for trading purposes. The company does not anticipate any credit loss from nonperformance by the counterparties to foreign exchange contracts, interest rate swap agreements and currency swap agreements.

The company and several subsidiaries have entered into forward exchange contracts with banks as hedges against assets and liabilities denominated in foreign currencies. The forward exchange contracts relate to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies mature mainly within a few months subsequent to the balance sheet date. Those for long-term debts denominated in foreign currencies settle during the period 1995 to 1999, which

correspond with underlying debt maturities. As these foreign exchange forward contracts are utilized solely for hedging purposes, the resulting gains or losses are offset against foreign exchange gains or losses on the underlying hedged assets and liabilities. Gains and losses related to qualifying hedges of commitments denominated in foreign currencies are deferred and are recognized in income when the hedged transaction occurs.

Interest rate swap agreements and currency swap agreements are used to limit the company's exposure to losses in relation to underlying debt instruments and a certain foreign currency denominated investment resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 1995 to 2003 and the related differentials to be paid or received are recognized over the terms of the agreements.

The company's forward exchange contracts amounts, the aggregate notional principal amounts of interest rate swap agreements and the principal amount of currency swap agreements outstanding at March 31, 1995 and 1994 are summarized below:

March 31	Millions of yen		Thousands of U.S. dollars
	1995	1994	1995
Forward exchange contracts:			
To sell foreign currencies	¥ 85,917	¥ 90,054	\$ 965,360
To buy foreign currencies	40,581	20,660	455,966
Interest rate swap agreements	391,413	279,455	4,397,899
Currency swap agreements	131,509	145,403	1,477,629

The estimated fair values of the company's financial instruments at March 31, 1995 and 1994 are summarized as follows:

	Millions of yen				Thousands of U.S. dollars	
	1995		1994		1995	
March 31	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Nonderivatives:						
Assets:						
Marketable securities	¥ 154,229	¥ 386,158	¥ 172,553	¥ 466,877	\$ 1,732,910	\$ 4,338,854
Other investments	245,424	278,299	271,948	309,868	2,757,573	3,126,955
Liabilities:						
Long-term debt, including current portion	(1,212,455)	(1,241,013)	(1,175,766)	(1,181,136)	(13,623,091)	(13,943,966)
Derivative financial instruments:						
Forward exchange contracts	1,894	4,966	1,226	4,284	21,281	55,798
Interest rate swap agreements	—	(234)	—	(1,243)	—	(2,629)
Currency swap agreements	13,266	12,992	8,459	8,148	149,056	145,978

The above table excludes the financial instruments for which fair values equal their carrying values and those primarily related to leasing activities (long-term receivables).

In assessing the fair value of these financial instruments, the company has used a variety of methods and assumptions, which were 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 payable, trade, accounts payable, trade, notes and accounts payable for construction and employees' savings deposits, it was assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices were used for marketable

securities, a part of other investments, and publicly held long-term debt. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, have been used to determine fair value for the remaining financial instruments. These estimated fair values are not necessarily indicative of the amounts that could be realized in a current market exchange.

Other investments includes investment securities which represent holdings in a number of non-public companies. The aggregate carrying amount of these investments in non-public companies was ¥109,108 million (\$1,225,933 thousand) and ¥153,925 million at March 31, 1995 and 1994, respectively. However, the corresponding fair value of these investments at those dates was not computed as such estimation was not practicable.

13. Commitments and contingent liabilities:

Commitments outstanding at March 31, 1995 for the purchase of property, plant and equipment approximated ¥31,458 million (\$353,461 thousand).

Rental expense for the years ended March 31, 1995 and 1994 aggregated ¥93,376 million (\$1,049,169 thousand) and ¥92,115 million, respectively. Substantially all such rental expenses are related to cancellable leases for office space, warehouses, and employees' residential facilities. Such leases are customarily renewed.

Contingent liabilities at March 31, 1995 for notes discounted and endorsed and loans guaranteed in the ordinary course of business approximated ¥185,161 million (\$2,080,461 thousand).

Management of the company believes that there are no legal actions pending against the company and its subsidiaries which could result in damages against the company which would have a material effect on the company's consolidated financial statements.

REPORT OF INDEPENDENT ACCOUNTANTS

Yebisu Garden Place Tower
20-3, Ebisu 4-chome
Shibuya-ku, Tokyo 150

Price Waterhouse



May 25, 1995

To the Board of Directors of
Toshiba Corporation

We have audited the consolidated balance sheets of Toshiba Corporation and its subsidiaries as of March 31, 1995 and 1994, and the related consolidated statements of operations and retained earnings and of cash flows for the years then ended, stated in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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.

The Company has not adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The effects on the consolidated financial statements of not adopting SFAS No. 115 and the disclosures required by SFAS No. 115 are summarized in note 3 of notes to the consolidated financial statements.

The Company has not presented segment information for the years ended March 31, 1995 and 1994. The presentation of segment information concerning the Company's operations in different industries, its foreign operations and its export sales is required by accounting principles generally accepted in the United States of America for a complete presentation of consolidated financial statements.

In our opinion, except for the effects of the departure from SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and the omission of segment information discussed in the third and fourth paragraphs of this report, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of Toshiba Corporation and its subsidiaries at March 31, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Price Waterhouse

GLOBAL NETWORK

Overseas Offices

Latin America
Santa Fe de Bogotá
Rio de Janeiro
Buenos Aires

Europe
Regional Corporate Representative Office
Toshiba Corporation Europe Office (London)
Vienna
Athens
Moscow

Africa
Cairo

Middle East
Teheran
Baghdad
Dubai
Abu Dhabi
Jeddah

Asia
Beijing
Shanghai
Guangzhou
Taipei
Hong Kong
Manila
Bangkok
Jakarta
New Delhi

Overseas Subsidiaries and Affiliates

North America

Toshiba of Canada, Limited *Toronto, Ontario, Canada*
Toshiba America, Inc. *New York, New York, U.S.A.*
Toshiba America Capital Corporation *New York, New York, U.S.A.*
Toshiba America Medical Systems, Inc. *Tustin, California, U.S.A.*
Toshiba America MRI Inc. *South San Francisco, California, U.S.A.*
Applied SuperConetics, Inc. *San Diego, California, U.S.A.*
Toshiba America Information Systems, Inc. *Irvine, California, U.S.A.*
Toshiba America Consumer Products, Inc. *Wayne, New Jersey, U.S.A.*
Toshiba Hawaii, Inc. *Honolulu, Hawaii, U.S.A.*
Toshiba International Corporation *Houston, Texas, U.S.A.*
Toshiba America Electronic Components, Inc. *Irvine, California, U.S.A.*
Toshiba Display Devices Inc. *Horseheads, New York, U.S.A.*
TAE Holding, Inc. *Irvine, California, U.S.A.*
Toshiba America Entertainment, Inc. *Lyndhurst, New Jersey, U.S.A.*
Enceratec, Inc. *Columbus, Indiana, U.S.A.*

Latin America

Industria Mexicana Toshiba, S.A. de C.V. *Mexico City, Mexico*
Toshiba Electromex, S.A. de C.V. *Ciudad Juárez, Mexico*
Toshiba Electrodomesticos de Mexico, S.A. de C.V. *Mexico City, Mexico*
Toshiba de Panama, S.A. *Panama, Panama*
TPA Latin America Inc. *Panama, Panama*
Toshiba de Venezuela C.A. *Caracas, Venezuela*
Toshiba Medical do Brasil Ltda. *São Paulo, Brazil*
Semp Toshiba Amazonas S.A. *Manaus, Brazil*
T and S Servicos Industrias s/c Ltda. *São Paulo, Brazil*
Toshiba do Brasil, S.A. *São Paulo, Brazil*

Europe

Toshiba International Finance (UK) Plc. *London, U.K.*
Toshiba Cambridge Research Centre Ltd. *Cambridge, U.K.*
Toshiba Medical Systems Ltd. *Crawley, U.K.*
Toshiba Information Systems (UK) Ltd. *Weybridge, U.K.*
Toshiba (UK) Ltd. *Camberley, U.K.*

Toshiba Consumer Products (UK) Ltd. *Plymouth, U.K.*
 Toshiba International (Europe) Ltd. *Uxbridge, U.K.*
 Toshiba Electronics (UK) Ltd. *Camberley, U.K.*
 Toshiba Electronics Scandinavia AB *Bromma, Sweden*
 Toshiba International Finance (Netherlands) B.V. *Haarlem, The Netherlands*
 Toshiba Medical Systems Europe B.V. *Zoetermeer, The Netherlands*
 Toshiba Medical Systems NV/SA *Antwerpen, Belgium*
 Toshiba Medical Systems GmbH *Neuss, F.R. Germany*
 Toshiba Europa (I.E.) GmbH *Neuss, F.R. Germany*
 Toshiba Semiconductor GmbH *Braunschweig, F.R. Germany*
 Toshiba Electronics Europe GmbH *Düsseldorf, F.R. Germany*
 Toshiba Medical France S.A. *Boulogne, France*
 Toshiba Systèmes (France) S.A. *Puteaux, France*
 European Vacuum Interrupters S.A. *Lattes, France*
 Toshiba Electronics France S.A.R.L. *Rosny-Sous-Bois, France*
 Toshiba Medical Systems Gesellschaft m.b.H. *Wiener Neudorf, Austria*
 Toshiba Medical Systems AG *Oetwil am See, Switzerland*
 Toshiba Medical Systems S.R.L. *Rome, Italy*
 Toshiba Electronics Italiana S.R.L. *Milan, Italy*
 Toshiba Medical Systems S.A. *Madrid, Spain*
 Toshiba Electronics España S.A. *Madrid, Spain*

Asia

Toshiba Dalian Co., Ltd. *Dalian, The People's Republic of China*
 Hangzhi Machinery & Electronics Co., Ltd. *Hangzhou, The People's Republic of China*
 Wuxi Huazhi Semiconductor Co., Ltd. *Wuxi, The People's Republic of China*
 Tsurong Xiamen Xiangyu Trading Co., Ltd. *Xiamen, The People's Republic of China*
 Hankook Tungsten Co., Ltd. *Inchon, The Republic of Korea*
 Toshiba Compressor (Taiwan) Corp. *Tao-yuan, Taiwan*
 Toshiba Electronics Taiwan Corp. *Taipei, Taiwan*
 Toshiba Hong Kong Ltd. *Kowloon, Hong Kong*
 Toshiba Electronics Asia, Ltd. *Kowloon, Hong Kong*
 Toshiba Thailand Co., Ltd. *Bangkok, Thailand*
 Thai Toshiba Electric Industries Co., Ltd. *Bangkok, Thailand*
 Toshiba Consumer Products (Thailand) Co., Ltd. *Pathumthani, Thailand*
 Toshiba Display Devices (Thailand) Co., Ltd. *Pathumthani, Thailand*
 Toshiba Semiconductor (Thailand) Co., Ltd. *Pathumthani, Thailand*
 Toshiba Sales and Services Sdn. Bhd. *Selangor, Malaysia*
 Toshiba Electronics Malaysia Sdn. Bhd. *Selangor, Malaysia*
 Toshiba Electronics Trading (Malaysia) Sdn. Bhd. *Selangor, Malaysia*
 Wah Seong Engineering Sdn. Bhd. *Penang, Malaysia*
 WS Elevators Sdn. Bhd. *Penang, Malaysia*
 Toshiba Information Systems (Singapore) Pte. Ltd. *Singapore*
 Toshiba Data Dynamics Pte. Ltd. *Singapore*
 Toshiba Video Products Pte. Ltd. *Singapore*
 International Video Products Pte. Ltd. *Singapore*
 Toshiba Singapore Pte. Ltd. *Singapore*
 GE Toshiba Appliances Company Pte., Ltd. *Singapore*
 Toshiba Electronics Asia (Singapore) Pte. Ltd. *Singapore*
 P.T. Schneider Manufacturing Batam *Batam, Indonesia*

Oceania

Toshiba (Australia) Pty., Ltd. *Sydney, Australia*
 Toshiba International Corporation Pty., Ltd. *Sydney, Australia*

(As of March 31, 1995)

CONSOLIDATED SUBSIDIARIES

Consolidated Domestic Subsidiaries

A&T Battery Corporation
Iwate Toshiba Electronics Co., Ltd.
Kaga Toshiba Electronics Co., Ltd.
Kitashiba Electric Co., Ltd.
Kyodo Building Corporation
Marcon Electronics Co., Ltd.
Nogata Toshiba Electronics Co.
Onkyo Corporation
Shibaura Engineering Works Co., Ltd.
Toshiba Air Conditioning Co., Ltd.
Toshiba Automation Co., Ltd.
Toshiba Battery Co., Ltd.
Toshiba Builders Appliance Co., Ltd.
Toshiba Building Corporation
Toshiba Ceramics Co., Ltd.
Toshiba Chemical Corporation
Toshiba Credit Corporation
Toshiba Device Corporation
Toshiba East Japan Life Electronics Co., Ltd.
Toshiba Electric Appliances Co., Ltd.
Toshiba Elevator Products Corp.
Toshiba Elevator Technos Co., Ltd.
Toshiba Engineering & Construction Co., Ltd.
Toshiba Engineering Corporation
Toshiba Finance Corporation
Toshiba Glass Co., Ltd.
Toshiba Home Technology Corporation
Toshiba Information Equipments Co., Ltd.
Toshiba Information Systems (Japan) Corporation
Toshiba Lighting & Technology Corporation
Toshiba Logistics Corporation
Toshiba Medical Finance Co., Ltd.
Toshiba Medical Systems Co., Ltd.
Toshiba Nishi Nihon Life Electronics Co., Ltd.
Toshiba Shataku Supply Co., Ltd.
Plus 186 other domestic subsidiaries

Consolidated Overseas Subsidiaries

Hangzhi Machinery & Electronics Co., Ltd.
TAE Holding, Inc.
Toshiba (Australia) Pty., Ltd.
Toshiba (UK) Ltd.
Toshiba America Consumer Products, Inc.
Toshiba America Electronic Components, Inc.
Toshiba America Entertainment, Inc.
Toshiba America Information Systems, Inc.
Toshiba America Medical Systems, Inc.
Toshiba America MRI Inc.
Toshiba America, Inc.
Toshiba Compressor (Taiwan) Corp.
Toshiba Consumer Products (Thailand) Co., Ltd.
Toshiba Consumer Products (UK) Ltd.
Toshiba Dalian Co., Ltd.
Toshiba Display Devices Inc.
Toshiba Display Devices (Thailand) Co., Ltd.
Toshiba Electronics Europe GmbH
Toshiba Electronics (UK) Ltd.
Toshiba Europa (I.E.) GmbH
Toshiba International Corporation
Toshiba International Finance (Netherlands) B.V.
Toshiba International Finance (UK) Plc.
Toshiba Medical Systems Europe B.V.
Toshiba Semiconductor (Thailand) Co., Ltd.
Toshiba Semiconductor GmbH
Toshiba Systèmes (France) S.A.
Wuxi Huazhi Semiconductor Co., Ltd.
Plus 45 other overseas subsidiaries

(As of March 31, 1995)

INVESTOR REFERENCE

Founded

July 1875

Capital

¥274,904 million (US\$3,089 million)

Employees

190,000

Common Stock

Authorized: 10,000,000,000 shares

Issued: 3,218,967,779 shares

No. of shareholders: 424,828

Average holding: 7,577 shares

Transfer Agent

The Mitsui Trust and Banking Co., Ltd.

Headquarters

1-1, Shibaura 1-chome, Minato-ku

Tokyo 105-01, Japan

Hibiya Office

1-6, Uchisaiwai-cho 1-chome, Chiyoda-ku

Tokyo 100, Japan

Shibaura Office

2-1, Shibaura 1-chome, Minato-ku

Tokyo 105, Japan

Takeshiba Office

15-1, Kaigan 1-chome, Minato-ku

Tokyo 105, Japan

Principal Shareholders:

The Dai-ichi Mutual Life Insurance Company 3.97%

The Sakura Bank, Ltd. 3.73%

Nippon Life Insurance Company 3.52%

Mitsui Mutual Life Insurance Company 3.15%

The Mitsui Trust & Banking Co., Ltd. 2.32%

The Sumitomo Trust & Banking Co., Ltd. 2.30%

Employees Stock Ownership Plan 2.07%

The Nippon Fire & Marine Insurance Co., Ltd. 1.85%

The Long-Term Credit Bank of Japan, Ltd. 1.83%

The Tokai Bank, Ltd. 1.82%

(As of March 31, 1995)

For further information, please contact:

International Public Communications

Public Communications Office

TOSHIBA CORPORATION

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