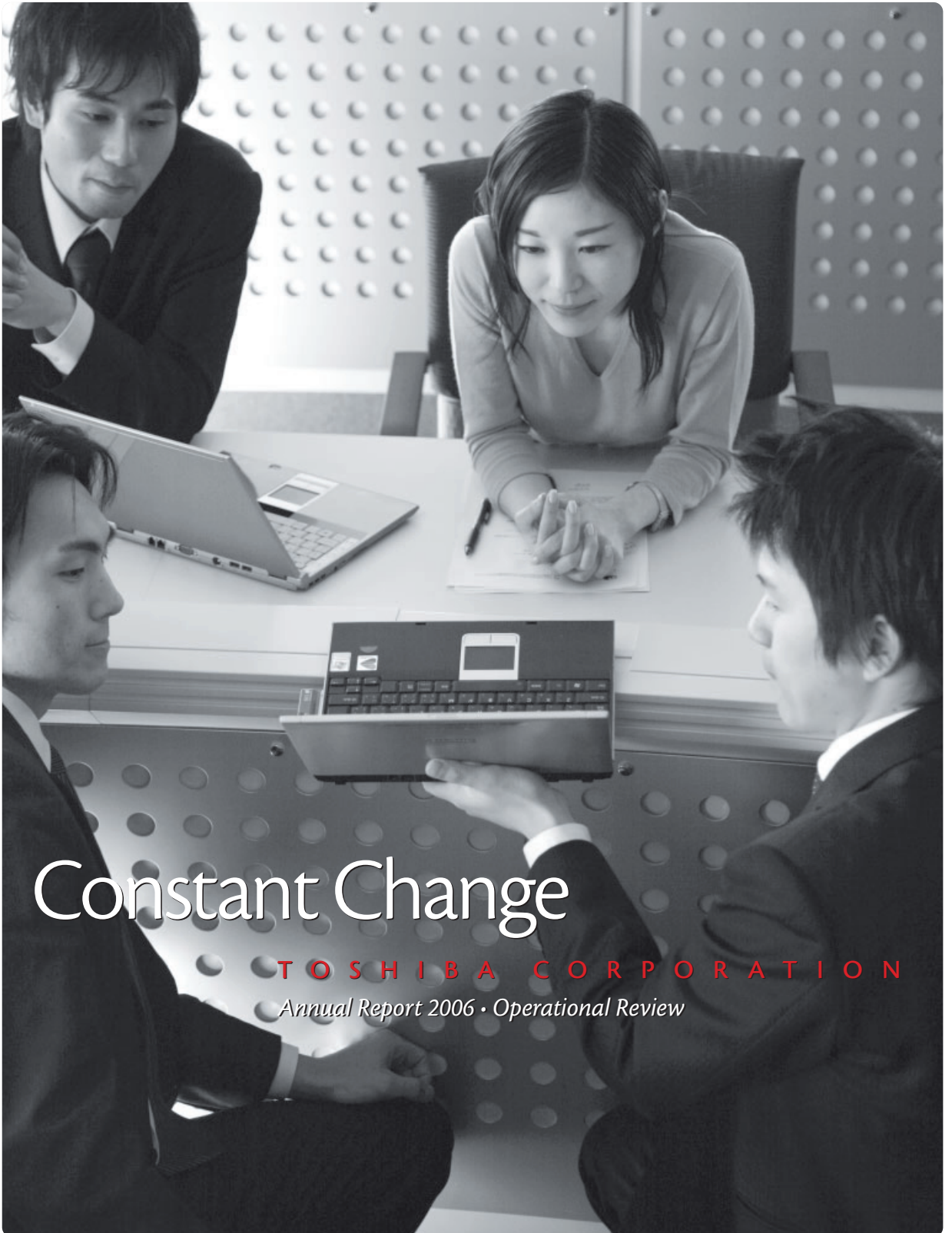


TOSHIBA



Constant Change

T O S H I B A C O R P O R A T I O N

Annual Report 2006 · Operational Review

For the years ended March 31, 2006 and 2005

	Millions of yen		Change (%)	Thousands of U.S. dollars (Note 1)
	2006	2005	2006/2005	2006
Net sales—Japan	¥ 3,382,143	¥ 3,259,853	3.8	\$ 28,907,205
—Overseas	2,961,363	2,576,286	14.9	25,310,795
Net sales	6,343,506	5,836,139	8.7	54,218,000
Operating income (loss) (Note 2)	240,610	154,807	55.4	2,056,496
Income (loss) before income taxes and minority interest	178,177	111,232	60.2	1,522,880
Net income (loss)	78,186	46,041	69.8	668,256
Total assets	4,727,113	4,571,412	3.4	40,402,675
Shareholders' equity	1,002,165	815,507	22.9	8,565,513
Capital expenditures (property, plant and equipment)	338,800	318,394	6.4	2,895,726
Research and development expenditures	372,447	348,010	7.0	3,183,308
Return on equity (ROE) (%)	8.6	5.9	—	—
Return on total assets (ROA) (%)	1.7	1.0	—	—

Per share of common stock:	Yen		U.S. dollars	
	2006	2005	2006/2005	2006
Net income (loss) (Note 3)				
—basic	¥ 24.32	¥ 14.32	69.8	\$ 0.21
—diluted	22.44	13.53	65.9	0.19
Cash dividends	6.50	5.00	30	0.06
Number of employees (Thousands)	172	165	4.2	—

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 ¥117 = U.S. \$ 1.

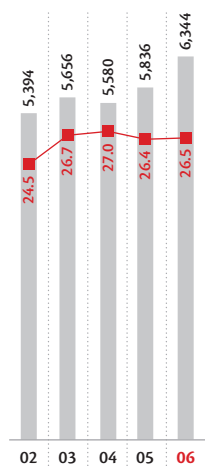
2. Operating income (loss) has been determined under financial reporting practices generally accepted in Japan and is defined as net sales less cost of sales and selling, general and administrative expenses.

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

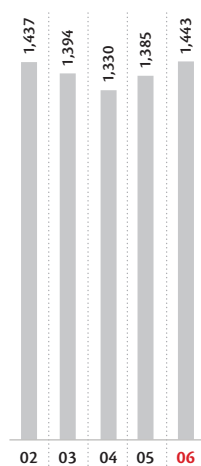
4. Beginning with the fiscal year ended March 31, 2006, equity in earnings (losses) of affiliates has been included in income (loss) before income taxes and minority interest. Prior-period data for the fiscal years ended from March 31, 2005 has been reclassified to conform with the current classification.

Net Sales & Gross Profit Margin

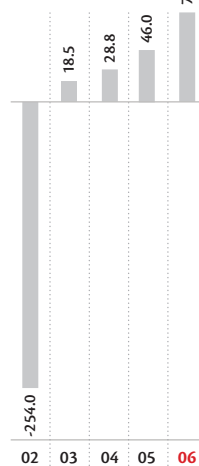
(Billions of yen) (%)


SG&A Expenses

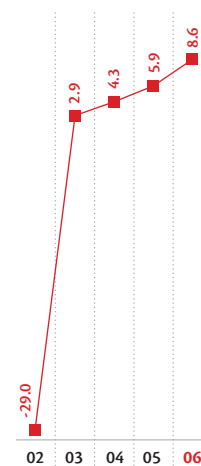
(Billions of yen)


Net Income (Loss)

(Billions of yen)


ROE

(%)


 ■ Net Sales
 ■ Gross Profit Margin

Changing the constant — for continued growth.

Continual reform

After years of thoroughgoing structural reform, Toshiba Group has now set off on the road toward a new vision. Inspired by innovation, Toshiba is now moving toward sustained growth with profit.

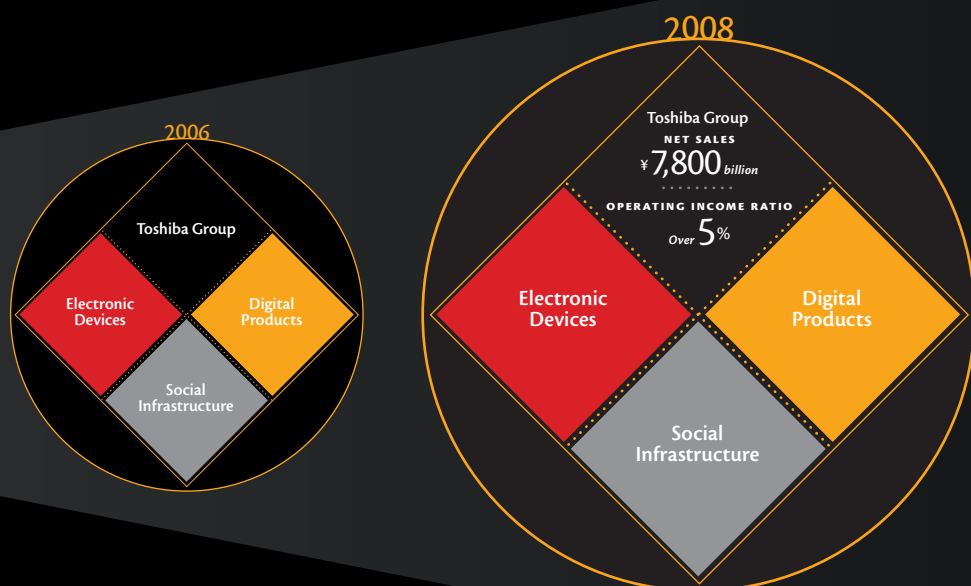
Toshiba Group will continue to grow.

2. Mid-term Plan and Vision for 2010 4. To Our Shareholders 6. An Interview with the President
10. History of Change 13. Three Strategic Businesses 20. Business at a Glance 22. Business Review
32. Research and Development 34. Board of Directors and Executive Officers 35. Corporate Governance
36. CSR Management 39. Investor Reference, Investor Relations 40. Global Network · Consolidated Subsidiaries
and Affiliated Companies Accounted for by the Equity Method 42. Organization Chart

Toshiba Group

MID-TERM PLAN AND VISION FOR 2010

Toshiba positions the Electronic Devices business, Digital Products business and Social Infrastructure business as its main business domains, the basis for a Toshiba Group that can generate high growth and stable profitability. As we look toward 2008, we will seek to strengthen the competitiveness of our core businesses, in order to achieve sustained growth with profit. By 2010, we want to weave the synergies derived from new businesses and the nuclear power business into our operations, and achieve net sales of 9,000 billion yen and operating income of 540 billion yen.



(Billions of yen)

	Net sales				Operating income ratio FY2008 Plan
	FY2005 Results	FY2006 Forecast	FY2008 Plan	CAGR (FY05-08)	
Electronic Devices	1,388.1	1,620.0	2,290.0	18%	10%
Digital Products	2,536.5	2,700.0	3,100.0	7%	2%
Social Infrastructure	1,882.3	1,940.0	2,160.0	4%	4%
Home Appliances	687.5	710.0	750.0	3%	1%

>> **Electronic Devices**

Maintain our technological advantage, achieve high growth, and continue to expand earnings and profitability.

>> **Digital Products**

Promote qualitative business enhancements that assure our survival and prosperity in the digital information network market.

>> **Social Infrastructure**

Accelerate global development, promote service businesses, and assure stable growth and stable profit.

2010

Toshiba Group

NET SALES

¥ **9,000** billion

OPERATING INCOME

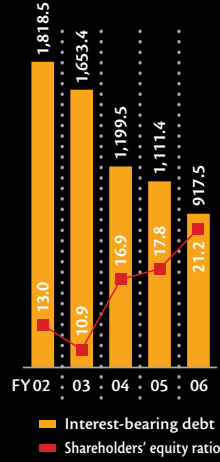
¥ **540** billion

Electronic Devices

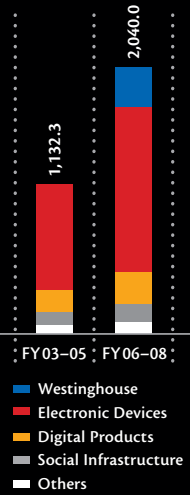
Digital Products

Social Infrastructure

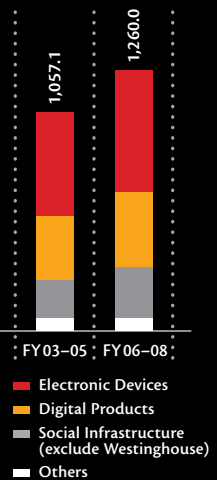
Interest-bearing debt (Billions of yen)
Shareholders' equity ratio (%)



Capital expenditures (Billions of yen)



R&D expenditures (Billions of yen)



To Our Shareholders

Toshiba Group has emerged from a period of business reform and restructuring, and management has now set a course that is carrying us toward “Growth”. Our goal is to shape a dynamic Group that achieves high growth and stable profitability, and where individual employees are quick to achieve and apply business process innovations.

In the term under review, our management team promoted “Proactive Management” toward the objectives of “Sustained Growth with Profit” and further acceleration in the pace of management decision making. This approach has produced positive results, as we recorded increased sales and profit in our business segments, Digital Products, Electronic Devices, Social Infrastructure and Home Appliances. Consolidated net sales rose to 6,343.5 billion yen, a year-on-year increase of 507.4 billion yen; the consolidated operating income was 240.6 billion yen, up by 85.8 billion yen; and consolidated net income stood at 78.2 billion yen, an increase of 32.2 billion yen.

As good as this performance is, we are not satisfied; we are determined to go beyond our present level of achievement. This year, we have defined Toshiba Group’s “Vision for 2010,” which calls for sustained growth with profit across our business domains and for net sales of 9,000 billion yen and operating income of 540 billion yen. As a stepping stone to achieving these targets, we have also established our mid-term plan to the end of fiscal year 2008, and set the goals of net sales of 7,800 billion yen and operating income ratio of over 5%.

We will achieve our mid-term plan through constant innovation to secure a firm profit structure and by taking strategic capital expenditures plan to a new level. In addition, we will direct efforts to execution of management CSR, in order to assure the trust and support of all our stakeholders and recognition as Company that is Rooted in the Earth. Our aim is a dynamic Toshiba Group that delivers abundance as it achieves “Sustained Growth with Profit”.



TADASHI OKAMURA
Chairman of the Board of Directors



ATSUTOSHI NISHIDA
Director, President and CEO



TADASHI OKAMURA *Chairman of the Board of Directors* • ATSUTOSHI NISHIDA *Director, President and CEO*

Our management policy has permeated the Company and is becoming the motive force for success. However, we cannot hope to survive as a winner if we declare ourselves content with our present status.

Q. You posted successful results in FY2005. What do you think of those achievements?

Our performance in FY2005 showed a significant improvement over the previous fiscal year. Our consolidated net sales reached a record 6,343.5 billion yen and consolidated operating income was 240.6 billion yen, a record-setting performance for the past decade.

We were helped by a number of favorable external factors. Steady economic growth continued in the US and Europe maintained its gradual recovery. China and other Asian economies extended their economic expansion and the domestic economy returned to prosperity. These factors provided an impetus for positive results in NAND Flash memory and other product areas. But in my opinion our internal environment played a larger role in our achievements.

When I was appointed President in last June, I declared that we would cultivate proactive approaches to business through a strong emphasis on growth. Our employees have gradually developed an awareness of this management commitment, and it is becoming the driving force for our success.

That said, we cannot hope to survive as a winner against increasingly fierce global competition if we are satisfied with our present status.

Q. Please tell us something about your performance by business segment.

All business segments, including Digital Products, Electronic Devices and Social Infrastructure, reported increased sales and profits. Home Appliances also realized a turnaround. I think it is worth noting that we increased sales and profit in all business segments, even though they each have different characteristics and product cycles.

In the Digital Products Segment, the Mobile Phone business and the HDD business both turned in a healthy performance, and differentiated products, like our AV notebook PC, enjoyed popularity in the PC business.

The Electronic Devices Segment reported excellent results in the Semiconductor business, with consolidated sales exceeded 1,000 billion yen in FY2005. Expansion in the digital products market translates into growth in our Electronic Devices business, which provides essential components for digital products. That is why we will continue to place an emphasis on NAND Flash memory and System LSI.

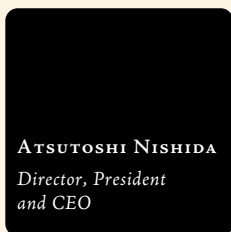
The Social Infrastructure Segment saw increased profits in the Power Systems & Services business, in the Social Network Infrastructure business and in the Solutions business. The Medical Systems business was a real winner. It enjoyed large sales of medical diagnostic multi-slice CT systems and posted record high revenues, allowing it to make a significant contribution to the overall profit of the segment.

Q . You attracted a lot of attentions through moves like the acquisition of Westinghouse, investment in NAND Flash memory and the launch of HD DVDs. Do you think things like this change the way society sees Toshiba?

It is essential that we are able to respond quickly to changes in the competitive process, because we are working to expand our business activities in a market economy that rests on the principle of competition. It was that perspective that persuaded us to acquire Westinghouse. Today, there are moves around the world to a positive reappraisal of nuclear power. We are responding to that with plans to work for expanded sales in the US and Asia, especially in China, by taking advantage of synergy with Westinghouse.

The decision to invest in increased output of NAND Flash memory reflects the same thinking. In FY2005, we invested about 200 billion yen in our Memory business to secure a share of the expanding market. Our forecasts show the NAND Flash memory market growing from around 800 billion yen in 2004 to over 2,600 billion yen in 2008. We position NAND Flash memory as a major profits area, and we will continue to expand production capacity while being sensitive to and responding to market change.

The Nuclear Power business and Semiconductor business both require particularly large upfront investments, where good judgment and swift decision-making are of primary importance. The fact that we took these actions may give Toshiba an image that's different from before.



Q . There were concerns about the huge scale of investment in some quarters. What is your basic approach to capital expenditures and what are your future plans?

Management has to be willing to take risks. I know there are management strategies for avoiding risks, but in the long run companies will not grow if they do not take some risks.

Of course, taking risks and being reckless are totally different things. Our first concern is to make our investments at exactly the right time. They have to be based on a carefully constructed financial plan, following accurate market research. On the financial front, we have space to invest, as we have improved our free cash flow considerably. We will strategically allocate our managerial resources to high-growth, highly profitable businesses, in line with the growth strategy that Toshiba Group is implementing.

.....
We have to respond quickly to change, because we are seeking to expand our businesses in a market economy.
.....

.....
The Nuclear Power business and Semiconductor business both require large, upfront investments, and the ability to make swift, focused decisions is of primary importance.
.....

.....
Companies that are unable to take calculated risks are companies that will become unable to grow. Taking risks and being reckless are totally different.
.....

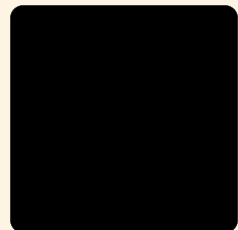
At the moment, we have plans to spend a cumulative amount of 2,040 billion yen in the three years from FY2006 to FY2008, including the acquisition of Westinghouse. That is an increase of about 900 billion yen over our outlays in the period from FY2003 to FY2005. Our primary strategic focus will be on Electronic Devices, which includes NAND Flash memory and SED panel, as we want to expand our high growth, highly profitable businesses.

.....
We will reinforce our current businesses by FY2008, in order to move on to the next stage, our Vision for 2010.
.....

Q. What are the main points of the mid-term plan announced in May 2006?

In the mid-term plan announced in May, we have set much higher goals than in the previous FY2005 mid-term plan. We aim to achieve consolidated net sales of 7,800 billion yen and an operating income ratio of over 5%, in 2008, the final year of the plan. If we take FY2005 as the base year, that means we need to see a compound average growth rate of 7% in our sales revenue. We have also set ourselves a series of other targets for FY2008: a consolidated overseas sales ratio of 57%, a D/E ratio of 100% or less, and an ROE of 10% or more.

We do not anticipate that new businesses will have a big impact on earnings during the course of the mid-term plan, so if we are to achieve our goal of “Sustained Growth with Profit” we have to put the reinforcement of existing businesses at the top of our agenda until FY2008. Successful accomplishment of this mid-term plan will lead to the achievement of “Vision for 2010,” our next major goal. Under this, we aim to reach consolidated net sales of 9,000 billion yen and consolidated operating income of 540 billion yen in FY2010. To that end, it is vitally important to press ahead with innovation.



Q. Many companies call for innovation. How different is your innovation strategy from theirs?

.....
Without innovation, companies will not see development, nor will they see growth.
.....

Any executive in an excellent company knows the importance of innovation. We are currently promoting a program that allows us to promote innovation in all operations related to development, manufacturing and sales, and to make full use of the multiplier effect of this approach. This is “i cube” and it embraces innovation in development, innovation in manufacturing and inno-

vation in sales. The outcome is the multiplication of three “i” s, or “i” to the third power.

If you develop an original technology with new ideas, free from conventional approaches, we call it innovation. If you achieve high levels of product quality and reductions in production lead times, we call that innovation, too. And when you can recognize the potential needs of your customers through accurate marketing and reflect them in your development and manufacturing, that too is called innovation. In FY2006, we will deploy “i cube” on a company-wide basis and maximize the multiplier effect of innovation.

Q. What kind of group of companies does Toshiba want to be? Please tell us about your vision of the future.

Looking ahead to try and see the future of Japanese society and global society, there is one thing that is absolutely certain: that a society of perfect ubiquitous networking will arrive in next ten years, brought about by advances in digitization and networking. We have every confidence that we will be in the position to lead this coming age of ubiquitous networking.

Our corporate group is a conglomerate that covers a broad range of technologies and products, including Digital Products, Semiconductors, Social Infrastructure and Home Appliances. We have the ability to fuse these technologies and to provide the world with new products appropriate for the coming age. We will engineer constant innovation by drawing on our electronics technologies, “the wisdom of the industry,” and our energy technologies, “the cornerstone of industry,” and secure our place as a leading company driving the global economy of the 21st century. By maximizing profits through prompt decision-making and strategic investments, we will set out to enhance global competitiveness.

On a final note, let me say that we place priority on human life, safety and legal compliance in all our business activities. We embrace CSR-based management as a means to become a trusted business group, and make every effort to promote environmental management and to contribute to society.

The Toshiba brand is the shared property of all of our stakeholders; our shareholders and investors; our customers; business partners; our employees and society. We must never forget this important reality. We are determined to maximize our corporate value while cultivating a sense of urgency at all times.

.....
At Toshiba we have every confidence in our ability to lead society to the age of ubiquitous networking.
.....

.....
We will promote CSR management with the aim of enhancing the value of the Toshiba brand.
.....

History

O F C H A N G E

The last 10 years is a record of continuing globalization and intensifying mega-competition in energy and electronics, Toshiba Group's main spheres of business. In a consistently severe business environment, Toshiba has promoted structural reforms and brought transformation and innovation to every aspect of its business, including technology development and management system, all with the aim of realizing "Sustained Growth with Profit." Constant innovation is the DNA that Toshiba has inherited and handed down through the generations throughout the 130 years since it was established.

1995

BUSINESS >>

Commercialized a Flash memory card with 16Mbit NAND Flash memory. Its shock resistance contributed to the development of mobile devices.

TECHNOLOGY >>

Developed DVD, a high density 3.5-inch optical disc with the world's largest memory capacity, 1.3GB.



2000

BUSINESS >>

Commercialized a 1.8-inch magnetic disk drive and released a light, ultra-compact hard disk drive with a 2GB storage capacity. Its low power consumption and shock resistance gave a strong impetus to development of sophisticated mobile products.

2001

MANAGEMENT >>

Established the 01 Action Plan. Steady advances in important areas of structural reform and enhanced management practices including promotion of business focus and foresight, reductions in procurement costs, reduction of human resources, and asset reduction.

MANAGEMENT >>

Decided to withdraw from the commodity DRAM business as part of structural reform of the semiconductor memory business.

2002

BUSINESS >>

Decided to make capital expenditures totaling 350 billion yen in facilities and equipment for production of 300mm semiconductor wafers. (Oita Operations and Yokkaichi Operations)



2004

TECHNOLOGY >>

Developed the world's smallest fuel cell system that was also the world's smallest power system to use Direct Methanol Fuel Cells (DMFC) to power small electronic devices. Officially recognized in the Guinness World Records as "the world's smallest DMFC."



1996

BUSINESS >>
Operation of the world's first nuclear power station with an Advanced Boiling Water Reactor (ABWR) started.

1997

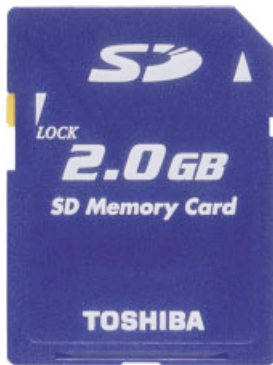
TECHNOLOGY >>
Developed the world's first 12.1-inch large-sized, low temperature polysilicon LCDs. Established competitive superiority in small and medium-sized LCD market.



1998

BUSINESS >>
Commercialized the world's first magnetic disk drives to adopt a GMR head. Achieved 3.2GB of data storage, the industry's highest capacity on a hard disk drive only 8.45mm thin.

MANAGEMENT >>
Introduced "Executive Officer System."



1999

BUSINESS >>
Entered into a strategic relationship with SanDisk Corporation in the NAND Flash memory business.

MANAGEMENT >>
Abolished the "Business Group System" and introduced an "In-house Company System."

TECHNOLOGY >>
Concluded an agreement with Canon Inc. for joint development of SED, a next generation, large screen flat panel display.

TECHNOLOGY >>
Agreed to start joint development with Sony Computer Entertainment Inc. and IBM Corporation on "CELL," a general purpose processor designed to be a mainstay for next generation broadband networks.



2003

MANAGEMENT >>
Adopted the "Company with Committees System" with three committees: Nomination, Audit and Compensation.

MANAGEMENT >>
Established five new group companies of Home Appliances, e-Solutions, Medical Systems, Materials and Components, and Electron Tubes in order to enhance each business within Toshiba Group and to build optimized management systems.



2004

BUSINESS >>
Toshiba Medical Systems Company released a medical diagnostic multi-slice CT system equipped with the world's first technology to scan 64 slices simultaneously at 0.5mm a slice.

TECHNOLOGY >>
Developed a 0.85-inch hard disk drive, with a disk diameter of only 22mm. Officially recognized in the Guinness World Records as "the world's smallest HDD."

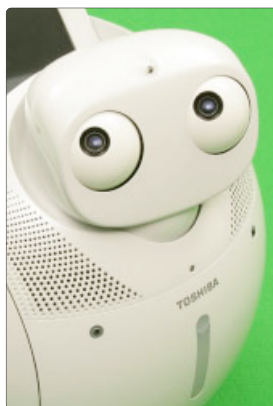
BUSINESS >>
Launched sales of the "Qosmio" AV notebook PC series, which integrated the digital AV functions of LCD TVs and DVD recorders, and employing the "QosmioEngine," an integrated system of 11 different image processing functions for superb image quality.

2005

BUSINESS >>
Released the world's first perpendicular magnetic recording hard disk drive. Brought the world's highest areal recording density and a storage capacity of 80GB to a 1.8-inch magnetic disk only 5mm thin.

BUSINESS >>
Achieved cumulative sales of 40 million notebook PCs in November 2005.

TECHNOLOGY >>
Developed 8Gbit NAND Flash memory. Toshiba and SanDisk Corporation jointly developed NAND Flash memory circuit technology that applied 70nm process technology to achieve a high memory capacity of 8Gbit on a single chip.



2006

BUSINESS >>
Entered into a definitive agreement with British Nuclear Fuels plc. (BNFL) for the acquisition of Westinghouse. Through a synergistic partnership with Westinghouse, Toshiba aims to become a leader in the nuclear power generation business as the only company able to offer both BWR and PWR technologies.

Market-changing.

Responding to market trends

Toshiba Group creates new products and systems ahead of emerging market needs, in a perpetual quest for technological advances that has been hard-wired into our corporate DNA since the company's inception. We aim to stay a step ahead of the times.

Toshiba Group will continue to meet all challenges.





Digital P R O D U C T S



TOSHIO YONEZAWA
 Director
 Corporate Senior Executive
 Vice President
 Group Chief Executive
 Officer, Digital Products
 Group

In the course of FY2005, we launched the world's first HD DVD player, the first notebook PC to integrate a tuner for terrestrial digital TV broadcasts, a mobile phone with an HDD to support music playback, and a new line of flat panel TVs under the new "REGZA" brand. One after another, we introduced products leading the way to the age of ubiquitous networking and the markets of tomorrow.

As we did this, we also promoted internal restructuring on a global scale, realigned overseas production sites, reduced the cost of logistics, intensified quality control and improved the operating income and loss of the audio-visual business.

We will continue to reflect the voices of our customers in developing differentiated products, to strive to add further value to the Toshiba brand, and move forward with confidence, ready for the challenges we meet.



Mobile Phone integrating HDD

"MUSIC-HDD W41T," WIN music mobile phone came to market as a new mobile phone for the KDDI Corporation, one of Japan's mobile phone carriers. It is the first phone in Japan to integrate our 0.85-inch HDD, the smallest commercially available hard disk drive. Though engineered small, the drive performs big, and its 4GB capacity can store approximately 2,000 pieces of music.

HD DVD Player

Toshiba led the world in commercialization of HD DVD players with the "HD-XA1". This met the format defined by the DVD Forum, the international organization that set standards for DVD. HD DVD offers viewers high definition image content that far surpasses that of current DVD players, especially on a large screen.



AV Notebook PC compatible with Terrestrial Digital Broadcasting

"Qosmio G30" was the Qosmio line-up of AV notebook PCs, and the world's first notebook PCs to integrate a small digital terrestrial TV tuner, developed by Toshiba, and full high definition LCD, in this case a 17-inch display. The advanced capabilities of the "Qosmio G30" allow users to view a digital high definition broadcast and to record two TV programs at the same time.



Flat Panel TV's New Brand "REGZA"

"REGZA" was launched as a unified global brand for flat panel TVs. The TVs in the line-up sport a distinctive minimalist design, and also integrate "meta-brain pro," an advanced digital image processing system.



TOSHIBA



SED

The SED display (surface-conduction electron-emitter display), developed in collaboration with Canon Inc., produces sharp, bright, high contrast, high resolution images by bringing CRT technology to the level of individual pixels.



Direct Methanol Fuel Cell (DMFC)

Our breakthrough fuel cell system, certified as the world's smallest by the Guinness World Records 2006, is the ideal power supply for portable personal equipment, such as audio players.

Electronic

DEVICES



SHIGEO KOGUCHI

*Director
Corporate Senior Executive
Vice President
Group Chief Executive
Officer, Electronic Devices
Group*

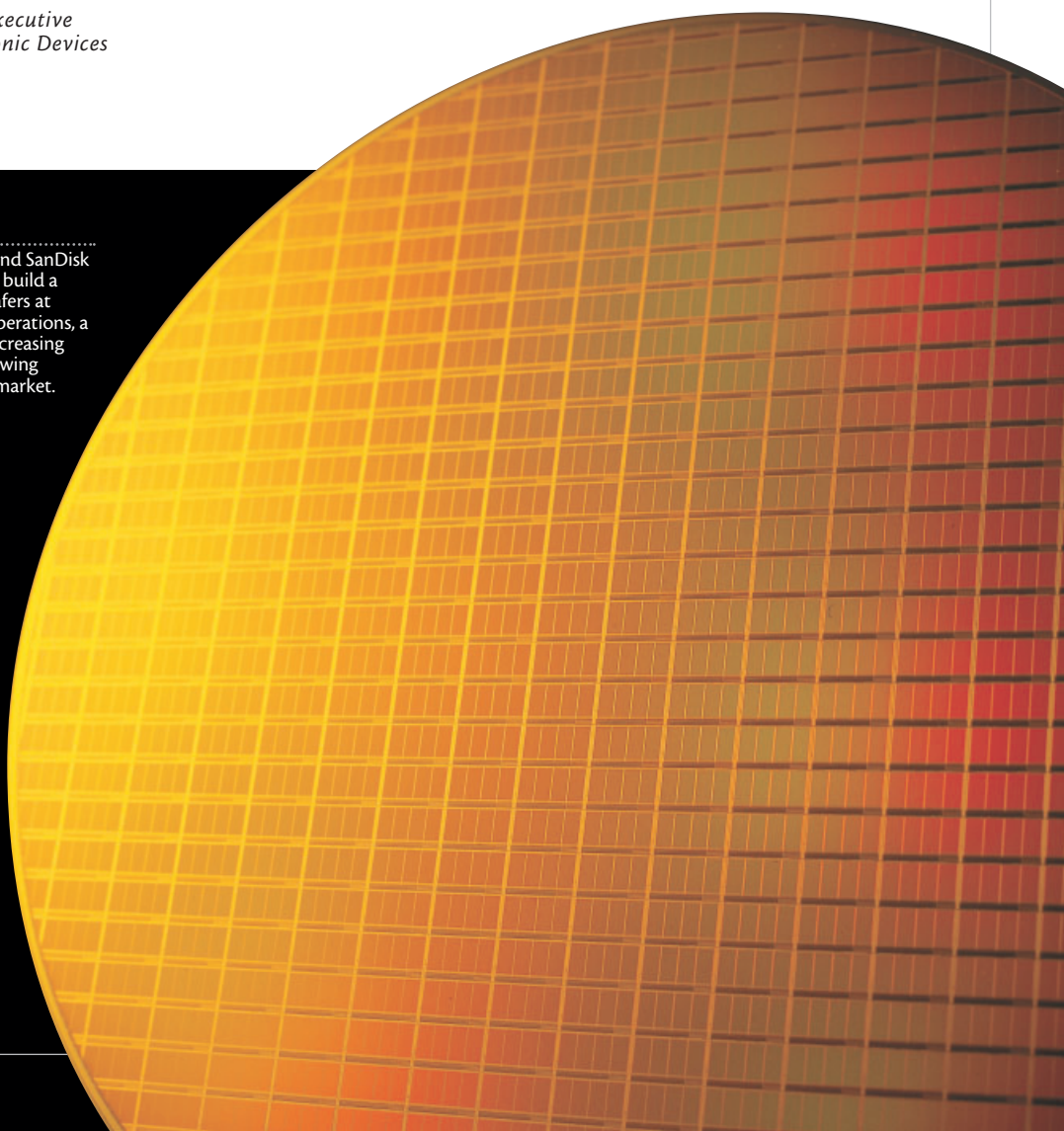
In the Semiconductor business, we have brought 70-nanometer process technology to the mass production of NAND Flash memory. Other state-of-the-art products brought to market include the Broadband System LSI.

In Display Devices and Components businesses, we are directing our energies at SED and Fuel Cells, both of which are expected to establish growth markets. In the LCD business, we successfully maintained our top share of the domestic market for displays for mobile products, including mobile phones.

In FY2006, we look forward to reinforcing our technology leadership and expanding market share.

Semiconductors

Toshiba Corporation and SanDisk Corporation agreed to build a new fab for 300mm wafers at Toshiba's Yokkaichi Operations, a move that will meet increasing demand in the fast growing NAND Flash memory market.



Social

I N F R A S T R U C T U R E

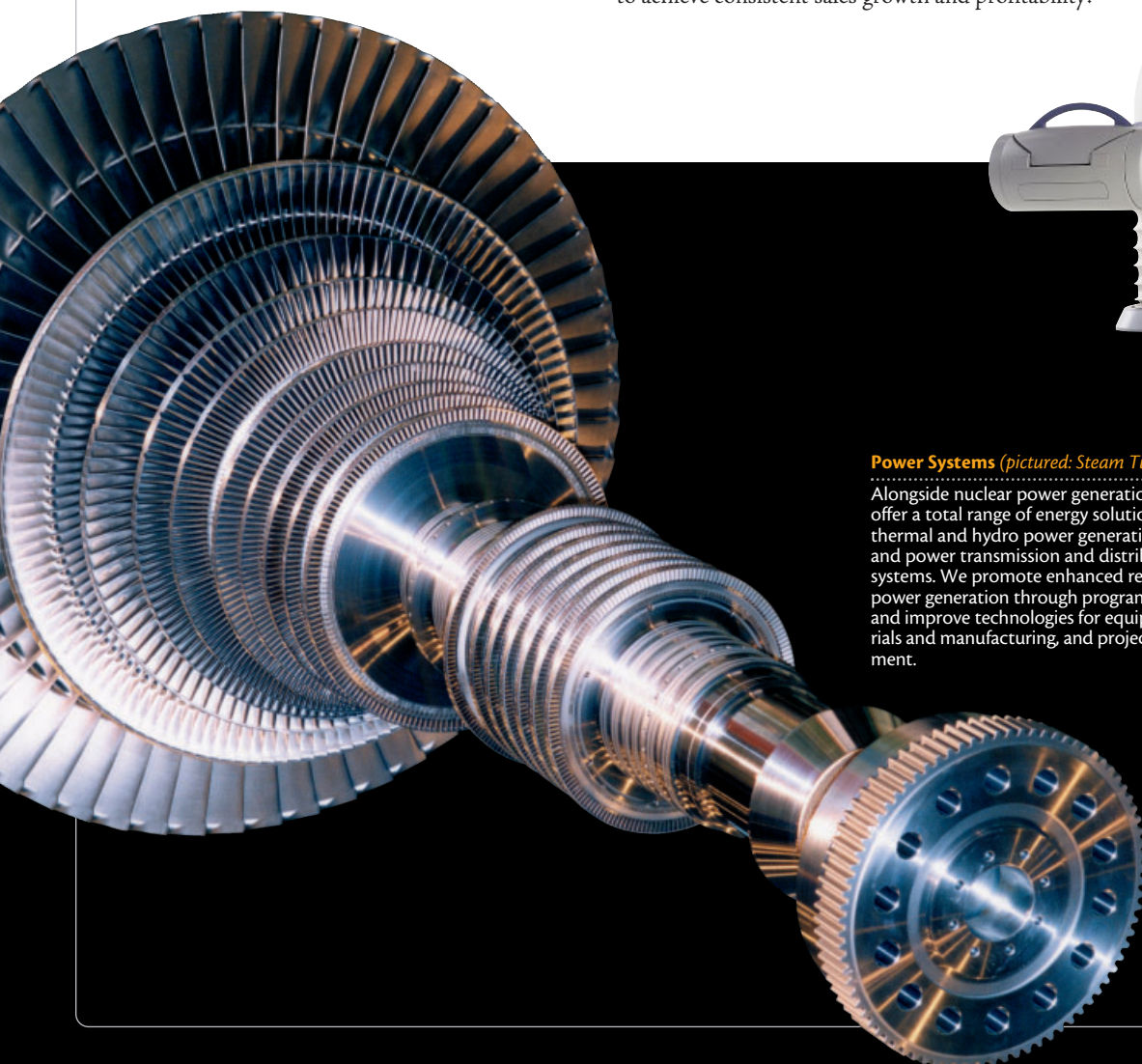
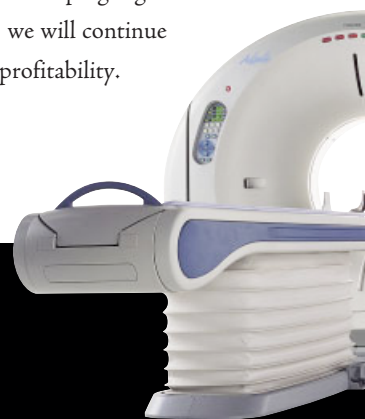


MASAO NAMIKI
*Corporate Senior Vice
President
Group Chief Executive
Officer, Social Infrastructure
Group*

Perhaps the most important move we made in FY2005 was the decision to acquire Westinghouse. This opens the way for Toshiba to join the world leaders in the nuclear power generation system business, and puts us in the unique position of being the only company able to provide both BWR and PWR systems.

The reversion of the power transmission and distribution business contributed to healthy sales growth in FY2005, as did favorable sales of multi-slice CT systems and broadcasting systems.

Building on our 130-year history of developing highly reliable and innovative technologies, we will continue to achieve consistent sales growth and profitability.



Power Systems (pictured: Steam Turbine)

Alongside nuclear power generation system, we offer a total range of energy solutions, including thermal and hydro power generation systems, and power transmission and distribution systems. We promote enhanced reliability in power generation through programs to develop and improve technologies for equipment, materials and manufacturing, and project management.



Multi-slice CT System

Our multi-slice CT systems have proved indispensable for state-of-the-art medical treatment. Toshiba's helical scanning system and multi-slice detectors, both protected by worldwide patents, have won the CT system close to 50% of the domestic market and fast-growing adoption in medical centers around the world.

Elevator

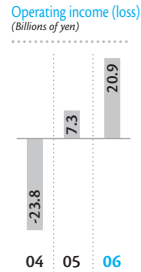
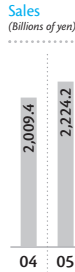
Our technological advances include the world's fastest elevator, which peaks at 1,010m a minute (60.6km per hour), and a double-deck elevator with a floor-to-floor control system. In January 2006, we unveiled the future of elevators: "MagSus", the world's first magnetic suspension elevator.



Digital Products Segment

Percentage of sales

37%



Mobile Communications Company

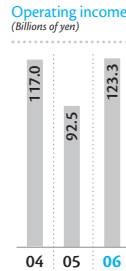
We continue to develop multimedia mobile phones that are useful, fun to use, and that integrate the advanced technologies in which Toshiba excels, including Bluetooth™, MPEG4 image processing LSIs, SD memory cards and low temperature polysilicon LCDs. In the course of FY2005, we brought 13 new products to the domestic market. Sales climbed steadily, especially in the area where we are most competitive: sophisticated models supporting the new services offered by mobile providers. This success boosted both sales and operating income. The transition to 3G mobile phones is gaining momentum on a worldwide scale. We recognize this as a

Electronic Devices Segment

In February 2006, we took a decisive step to reinforce strategic support for "SED," the next generation flat panel display, by establishing the SED Project Team. This brought together the related groups working on planning, development and production support in an organization independent from the Display Devices & Components Control Center.

Percentage of sales

20%



Semiconductor Company

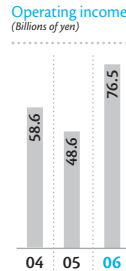
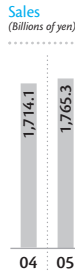
Our semiconductor operations embrace three main businesses: Memories, Discrete Devices and System LSIs. Together, these assure a well balanced business portfolio. In FY2005, NAND Flash memories, saw a large increase in profitability, largely driven by demand mainly for MP3 players. In the System LSI business, the start of mass production of Broadband System LSI contributed to a second half surplus that improved the overall profit and loss situation for the year as a whole. As a result, the sector as a whole recorded a notable increase in sales and profit against the previous one-year period.

Social Infrastructure Segment

In April 2006, Toshiba reorganized two of its in-house companies, Industrial and Power Systems & Services Company and Social Network & Infrastructure Systems Company, into three companies: Power Systems Company promotes business with electric power utilities; Industrial Systems Company serves general industry; and Social Infrastructure Systems Company mainly supports central and local governments and other organizations.

Percentage of sales

27%



Power Systems Company

Alongside its mainstream businesses in nuclear, thermal and hydro power generation, and power transmission and distribution systems, the Power Systems Company promotes new businesses in such areas as home-use fuel cells. Factors that contributed to higher operating income in FY2005 included delivery of Higashidori Nuclear Power Station Unit No.1 to Tohoku Electric Power Co., Inc. and the reversion of the power transmission and distribution business on the dissolution of a joint venture.

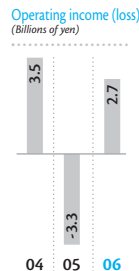
Industrial Systems Company

The Industrial Systems Company provides essential industrial infrastructure, including industrial computers and equipment for control and measuring systems, transportation systems, and security and automation systems. In FY2005, the railway systems business was boosted by a healthy increase in large orders from overseas for electric locomotives

Home Appliances Segment

Percentage of sales

10%



Toshiba Consumer Marketing Corporation

In white goods, lighting equipment, air-conditioning equipment and primary batteries, Toshiba Consumer Marketing Corporation (TCM) concentrates and promotes the comprehensive capabilities of 77 domestic and overseas Group companies. From research and development and product planning through to sales and service, TCM provides each group company with oversight and leadership that is totally grounded in a close commitment and responsiveness to the mar-

promising opportunity to expand our global business, and toward that we released W-CDMA terminals in the European and Asian markets.

Digital Media Network Company

We develop digital imaging and storage technologies and products that make it easy to access and enjoy digital content, including images and music. In March 2006, we commercialized the world's first HD DVD player, the "HD-XA1", taking the DVD standard forward to the next generation. The storage business continued to make progress in 2005, and saw improvements in both sales and operating income. Sales in the audio-visual

business also rose, as we expanded our product lineup to include full high definition TVs incorporating Toshiba's advanced image processing LSIs. However, operating income and loss was influenced by price erosion in TVs and DVD recorders.

Personal Computer & Network Company

The age of ubiquitous networking embraces three key spaces: the home, the office, and the mobile. We respond with essential computer network equipment—such as notebook PCs and IA servers—that bring together Toshiba Group's expertise in audio visual and PC technologies. In FY2005, sales rose on higher overseas sales, primarily in the U.S. and

Europe, and on the release of high value-added products into the domestic market; these included the world's first AV notebook PCs to integrate a terrestrial digital TV tuner and to offer a full high definition LCD. Despite these positive moves, operating income declined, largely as a result of exchange rate losses resulting from depreciation of the yen.

Display Devices & Components Control Center

The restructuring of the Cathode Ray Tube and Rechargeable Battery businesses as part of overall structural reform resulted in a lower operating income in FY2005. Looking to the future, we will promote measures to strengthen current businesses, including X-ray tubes, fine ceramics and thermal print heads. Alongside this, we will continue forceful measures for the early commercialization of new products, particularly the Direct Methanol Fuel Cell (DMFC).

SED Project Team

Development and test production processes are now underway for the initial production of 55-inch SED panels in July 2007. In FY2005, we produced 36-inch demonstration panels and began to deploy 55-inch lines for trial production.

Toshiba Matsushita Display Technology Co., Ltd.

Advanced capabilities in Low Temperature Polysilicon TFT LCDs are our underlying strength in the development of high value-added, differentiated technologies and products, among them System on Glass (SOG),

Optically Compensated Bend (OCB), and Organic Light Emitting Diodes (OLED), and have won us a competitive advantage in the market for small to medium-sized LCDs. As a result, we are the clear leaders in the domestic market for TFT displays for mobile phones, car navigation systems and mobile notebook PCs. Unit sales rose in fiscal 2005, but the amount of sales recorded only a slight increase in the face of continued price pressure, which resulted in lower operating income (loss).

and rolling stock electrical systems, and by domestic orders for railway station service systems, including automatic gate machines. General-purpose industrial systems, including motors and multipurpose inverters, also saw positive sales.

Social Infrastructure Systems Company

From buildings, airports, roads and rivers, water and sewage treatment and environmental systems to broadcasting and network systems and radio application systems, the Social Infrastructure Systems Company delivers a wide range of high level systems that enable public sector organizations to provide society with basic infrastructure. Looking to the future, the company also cultivates diverse new businesses, including eco-friendly power distribution systems, environmental systems such as pyrolysis systems, and media storage servers. In FY2005, the transition to digital broadcasting system stimulated orders from regional TV broadcasters that con-

tributed to sales and operating income.

Toshiba Solutions Corporation

Toshiba Solution Corporation's capabilities in business, engineering and platform solutions are earning the company a reputation for quality and reliability that convinces customers to see it as their No.1 solutions partner. In FY2005, sales remained at the same level as in the previous year, but cultivation of high value-added business and reduced procurement costs boosted operating income.

Toshiba Elevator and Building Systems Corporation

Toshiba Elevator and Building Systems Corporation continues to accelerate moves to achieve a global business presence through measures that include increasing manufacturing capacity in China, and forming a manufacturing joint venture with Finland's Kone Corporation. Although

FY2005 saw improved share of domestic unit sales, this translated into a slight increase in sales. The company will continue to develop a high-profit structure by enhancing overseas operations, including the replacement and upgrade business, by strengthening the competitiveness of goods and services.

Toshiba Medical Systems Corporation

Toshiba Medical Systems Corporation is establishing a global reach in medical solutions that allows it to meet all needs, particularly in diagnostic imaging systems, including diagnostic X-ray systems, CT systems, MRI systems and diagnostic ultrasound systems. In FY2005, a dramatic increase in sales of 64-row detector multi-slice CT systems, especially in the U.S., along with buoyant sales of X-ray and ultrasound systems, boosted both sales revenue and operating income.

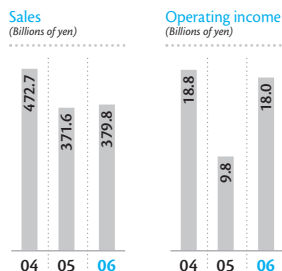
ket, and that assures the ability to deliver products and services that fully anticipate customer needs.

In 2005, the company was first in the industry to realize a fast, low noise, low energy consumption washing machine-dryer, and launched a "Cold Cathode Fluorescent Lamp" LCD backlight that met a positive market response. Products like these supported improved segment profit.

Others

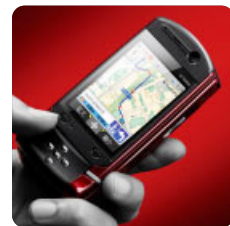
Percentage of sales

6%





Promoting innovation—the leader asks questions that get to the heart of the issue, and the team responds with constructive proposals for discussion.



Mobile Phone for Vodafone
"Vodafone 904T" has a "Grip style" that gives users access to functions such as email and web browsing while the handset is folded. This high-end mobile phone provides support for Vodafone 3G services, such as wallet phone for "Vodafone live! FeliCa."

Digital Products Segment

In FY2005, healthy demand in the Storage Devices and Mobile Phone businesses combined with overseas sales growth in the PC business, especially in Europe and the US, rose consolidated net sales to 2,536.5 billion yen, an increase of 312.3 billion yen from the same period a year ago, while consolidated operating income rose by 13.6 billion yen to 20.9 billion yen.

As competition intensifies, Toshiba will assure profit and reinforce brand value by developing differentiated products, that deliver the concept of "Surprise and Sensation," such as next-generation DVD products, and promote measures to cut cost.

Mobile Communications Company

In FY2005, we continued to follow a primary strategy of focusing on the domestic market and continuous launches of high-end models emphasizing advanced functionality and high design values, and resulted in increased sales and operating income. We maintained our top share among Japan's NCCs (New Common Carriers), including the KDDI Corporation and Vodafone K.K. (as of FY2005).

The Japanese mobile phone market has entered a phase of slow growth coupled with intense competition. In these circumstances, the key to generating steady profit is the timely introduction of high value-added products that integrate the highly advanced technologies in which Toshiba excels, including Bluetooth™, MPEG4 LSIs and low temperature polysilicon LCDs, and which meet the needs of mobile phone carriers and customers alike. Another essential is the ability to respond quickly to a market characterized by rapid advances and very short product lifecycles. We will continue to hone our performance in this area by shortening lead times for product development and pro-

duction and by cutting cost through the use of common parts.

In overseas markets, by utilizing our technological advantages and brand power, we will promote sales expansion in Europe and Asia as a priority measure.

Digital Media Network Company

In FY2005, sales rose on improved performance in the TV business and growth in the hard disk drive (HDD) business.

In the TV business, a burgeoning line-up of flat panel display TVs (FPD TV) contributed to higher sales. The Storage Devices business continued to thrive, and we achieved the largest share in the global market for 2.5-inch and smaller HDD. Income and loss in the audio-visual business saw improvement, primarily on improvement in the TV business despite continued price erosion in DVD players and recorders and other areas.

The TV business is being transformed as digitization and demand for larger, flat displays sweeps through the world market. Toshiba responded to these trends with the February 2006 announcement of the "REGZA," a new, unified global TV brand that strongly reinforces the product line-up. As we promote recogni-



Hard Disk Movie Camera

Toshiba met a growing market for a video camera integrating an HDD with the release of "gigashot® R60." It sports a 60GB HDD, the largest capacity available on the market, giving it a recording capacity roughly equivalent to 43 8cm-DVDs—that adds up to a 55.5 hours of recording in Standard Definition and approximately 13.5 hours in High Quality mode equivalent to DVD quality.



HD DVD-ROM Drive Notebook PC

With the "Qosmio G30/697HS" Toshiba brought HD DVD to the world of personal computing. The G30 was already a winner with its support for terrestrial digital broadcasting and 17-inch diagonal, widescreen, full-HD LCD. As the world's first PC integrating an HD DVD-ROM drive, the "Qosmio G30/697HS" added the ability to access and enjoy high quality HD DVD content.

tion of the "REGZA" brand, we will make every efforts to improve operating income and loss by promoting expansion of our flat panel TV business in the US, Europe and China. We will also advance our joint development of SED, the highly anticipated next generation large screen TV panel.

In the HD DVD business, our focus is set on growing the market for next generation DVD products. We plan to roll out a series of HD DVD products. In the Storage Device business, demand is growing for HDD for application in portable media players and digital cameras, as well as the established market of personal computers. We intend to maintain our market leading share in this sector though advances in technologies that bring larger capacities to 2.5-inch and smaller HDDs.

Personal Computer & Network Company

In FY2005, sales was boosted by overseas sales growth, especially in the US and Europe, and by expanded consumer sales in the Japanese market.

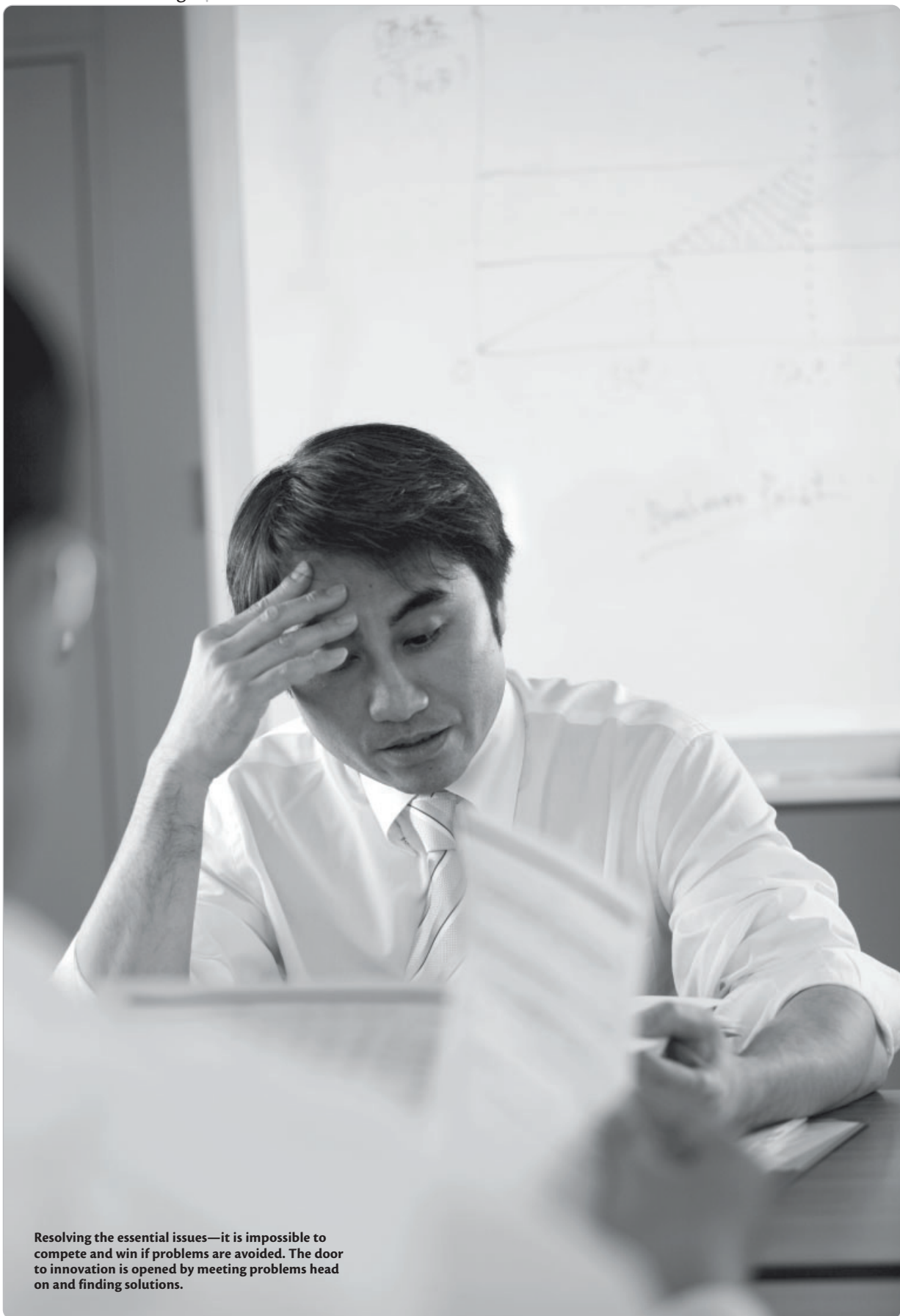
Despite a sales increase of 92.5 billion yen in PCs, operating income was undermined by severe yen depreciation. By promoting measures to cut costs, including lower procurement costs, we were able to achieve a second consecutive year in the black and operating income of 3.4 billion yen finally.

The PC market is entering a period of major change, influenced by such factors as the advance of ubiquitous networking and the launch of terrestrial digital broadcasting.

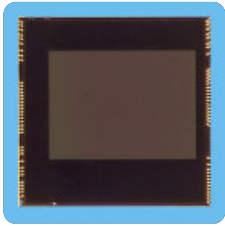
Personal Computer & Network Company cultivates global PC operations with two main drivers of business, commodity products and differentiated products. In commodity prod-

ucts, we seek cost competitiveness from economies of scale, and reinforce that by making full use of our in-house technology and know-how. This approach supports us in delivering high quality, reliable products. In differentiated products, we concentrate on "AV Notebook" PCs and "Thin & Light" PCs, and emphasize the basic concepts of "ease of use and beautiful images" and "safety and security guaranteed anytime anywhere," respectively.

We will continue to introduce differentiated products, among them notebook PCs integrating next generation DVD drives. As the notebook PC market continues to record high rates of growth, we will continue to reinforce our business in the US, Europe and Japan, and promote global operations by building a strong presence in emerging economies and the countries of the Middle East.



Resolving the essential issues—it is impossible to compete and win if problems are avoided. The door to innovation is opened by meeting problems head on and finding solutions.



3.2-megapixel CMOS Area Image Sensor

The new "Dynastron™" line-up of CMOS 3.2-megapixel image sensors, Toshiba's latest advance in miniaturization, brings high-resolution and high definition photography to portable products, such as mobile phones with integrated digital cameras.

Electronic Devices Segment

In FY2005, consolidated sales climbed by 80.9 billion yen from the previous fiscal term to 1,388.1 billion yen, primarily on favorable sales of NAND Flash memory. Consolidated operating income also increased by 30.8 billion yen from the previous fiscal term to 123.3 billion yen, again reflecting income growth in semiconductors.

We will maintain our competitive advantage through technological leadership and execute "Proactive Management," including strategic investments in plant and equipment, which will promote profit expansion. Our target now is high growth and high profitability, and we will carry this over to the long term by cultivating SED and fuel cells for mobile products as the nuclei of future businesses.

Semiconductor Company

Consolidated sales in FY2005 rose by 98.1 billion yen from the previous fiscal term to reach 1,037.0 billion yen, while consolidated operating income increased by 51.3 billion yen in the same period to 134.0 billion yen. The driving forces for this growth were large increases in sales of NAND Flash memory, which are still finding new and wider application in such products as silicon audio player, and Broadband System LSI, which went into mass production in the second half of the fiscal year. On the strength of this performance, Toshiba climbed to fourth place from seventh in worldwide sales rankings for calendar year 2005.

In the fast growing market for NAND Flash memory, Toshiba is expanding production capacity while closely monitoring market shifts. The latest 300mm wafer capable facility, Fab 3, went into production in the first half of FY2005, and by March 2006 it produced 30,000 wafers a month. Further capacity increases are in the pipeline. Construction of another 300mm facility, Fab 4, is slated to start in August 2006, and it is scheduled to start mass produc-

tion in the period October to December 2007. Toshiba will retain its competitive edge in the market by continuing to lead the industry in deploying advanced process technologies and Multi-Level Cell technology, and by continuing to reinforce production capacity. Toshiba started mass production with industry-leading 70nm generation process technology in the first half of FY2005, initially on 200mm wafer lines, and brought the technology to 300mm wafer lines in the second half of the year. In Multi-Level Cell technology, Toshiba expects to extend over its application 95% of NAND Flash memory output in FY2006.

For System LSIs, Toshiba continues to promote "Focus and Foresight" in areas where growth and business expansion are anticipated, including CMOS image sensors, LCD drivers and Broadband System LSIs.

For Discrete Devices, Toshiba is reinforcing profitability by focusing on the growth areas of power devices and optical semiconductors.

Display Devices & Components

Control Center

With restructuring of the Cathode Ray Tube and Rechargeable Battery businesses behind it, the Control Center is now channeling its energies toward growing its current businesses, including Components and Materials, such as Fine Ceramics and Metals; Electron Tubes and devices, such as X-ray tubes and Power Electron Tubes; and the solid-state devices, such as Thermal Printing Heads. Going forward, a major emphasis will be on commercialization of new products, such as Direct Methanol Fuel Cells (DMFC), the next generation power source.

Toshiba's DMFC has already won notice, including recognition as "the world's smallest fuel cell" in the Guinness World Records 2006. The Company is promoting development for applications where extended power supply is in demand, especially digital mobile products, and targets commercialization in 2007.

SED Project Team

The SED panel offers outstanding characteristics that surpass those of other flat panel display TVs: vibrant, natural colors (high dynamic range and color reproducibility); superior, true blacks (high contrast); and ghost-free images, even in with dynamic moving images (fast response time). Toshiba is scheduling the launch of SED TVs to coincide with the build-up of the Beijing Olympics in 2008, and is now readying for construction of a mass production facility that will integrate a rationalized production system.

Toshiba Matsushita

Display Technology Co., Ltd.

In FY2005, in a very tough business environment characterized by rapid price deterioration, sales were slightly up from the previous fiscal term, at 299.7 billion yen. This reflects successful sales expansion in overseas markets and increased sales volume of AV devices. Although Toshiba Matsushita Display Technology Co., Ltd (TMD) promoted efforts to boost sales and cut costs, among them measures to minimize production losses, TMD could not counteract the influence of deep price deterioration, and operating income of 4.0 billion yen was down by 9.5 billion yen from the previous fiscal term.

TMD leads the industry in Low Temperature Polysilicon TFT LCD products and know-how, including the SOG (System on Glass) technology that it applies to the development of differentiated, high-value added products, such as displays that accept direct input from a light pen or a finger, and displays that can handle both VGA and QVGA. Working with Intel Corporation, TMD has also developed LCD driver technology that significantly reduces power consumption, and plans to bring this to market in the near future. TMD leads the way here, too, with the ultimate product with glass substrate (0.2mm) with LED backlight. This advanced display is already in mass production.

April 2006 saw the start-up of new production lines for Low Temperature Polysilicon LCD at the Company's Ishikawa Operations. With this enhanced production capacity, TMD is ready to meet growing demand from large accounts both in Japan and overseas, and ready to accelerate sales expansion.



Direct Methanol Fuel Cell for digital mobile products

Toshiba is working toward practical utilization of the world's smallest fuel cells, and has developed a Direct Methanol Fuel Cell unit that can be housed directly in the product. The Company is using prototype digital mobile products to verify operating characteristics.

Toshiba's Direct Methanol Fuel Cell was recognized as the world's smallest in the Guinness World Records 2006.



Development of 9-inch Field-sequential OCB-LCD

Combining field-sequential technology* with a high speed response, one of the characteristics of OCB, allowed Toshiba Matsushita Display Technology Co., Ltd. to develop an LCD that delivers high transmittance (2.6 times higher than its previous OCB panels), low power consumption, a wide viewing angle (170 degrees, both up and down and left and right) and a fast response time (3.3ms), along with high brightness and ultra high-resolution.

* This technology has to be driven at least three times normal speed to display RGB signals, so an LCD with high-speed response, such as an OCB, is indispensable for realizing full performance potential.



Deskbound theory—that's not what innovation is all about. Work things out at the site, through trial and error. Be determined to succeed. Only this realistic approach can create value.

Social Infrastructure Segment

In FY2005, the Medical Systems business, Power Systems business and Social Infrastructure Systems business all reported improved performances. Consolidated sales rose by 117 billion yen from the previous term to 1,882.3 billion yen, and consolidated operating income grew by 27.9 billion yen from the previous period to 76.5 billion yen.

Toshiba's Social Infrastructure business will continue to accelerate growth in its established business on a global basis, while reinforcing stable revenues by promoting new businesses in promising areas, such as fuel cells and a new battery offering fast recharging capabilities.

Power Systems Company

The delivery of Higashidori Nuclear Power Station Unit No.1 to Tohoku Electric Power Co., Inc. and the business reversion of the power transmission and distribution business, following dissolution of a joint venture, contributed to increased sales and operating income.

In February 2006, Toshiba agreed with British Nuclear Fuel plc to acquire the nuclear power systems business of Westinghouse for a total of 5.4 billion US dollars. Westinghouse pioneered the worldwide nuclear power businesses, and today has a solid presence in nuclear plant construction and maintenance, and nuclear fuel processing, largely for Pressurized Water Reactors (PWR). Westinghouse nuclear power systems are now installed all over the world, centering on Europe and the US, and the introduction of Westinghouse into Toshiba Group nuclear power operations is expected to spur sales growth to around 700 billion yen in FY2015—some 3.5 times the scale of today's business.

The Westinghouse acquisition gives Toshiba entry to the PWR nuclear power systems business. Moving forward, the synergy between that business and Toshiba's mainstay, including Boiling Water Reactor (BWR) nuclear power systems, is expected to accelerate the global development and presence of the Power Systems Company.

Industrial Systems Company

The railway-related business recorded positive results in FY2005, on an increase in large-scale overseas contracts for electric locomotives and rolling stock electri-

cal systems, and in orders for domestic railway station service systems, such as automatic gate machines. At the same time, general industrial systems continued to see increased orders, particularly for motors and general purpose inverters. The company will continue to secure its position among the leaders in the domestic market, and use that base and business structure to promote global development on a group-wide basis, with an eye toward sustained growth with profit.

Social Infrastructure Systems Company

Orders for digital broadcasting systems and equipment from regional TV broadcasters grew in FY2005. The overall Social Infrastructure Systems businesses, including systems for buildings, airports, roads and rivers, made efforts to improve cost competitiveness, particularly for power supply systems. A proactive approach extended to eco-friendly power distribution systems and building automation systems with energy-saving controls. In water and environmental systems, the Company is energetically cultivating the equipment replacement market for water and sewage treatment systems, and promoting new businesses, including pyrolysis systems.

In the broadcasting systems business, the company set out to win the position of No.1 vendor of main systems for terrestrial digital broadcasting, and to expand new businesses, including media storage servers, both at home and overseas. Competitive models designed for mobile carriers will support expansion in the network systems business. In radio application systems, the goal is to build a future



64-row detector multi-slice CT scanner "Aquilion 64"

This 64-row detector multi-slice CT scanner brings new clinical capabilities to the diagnosis of cardiovascular diseases through high-speed scanning and reconstruction of high-definition images. Worldwide recognition and a growing reputation, particularly in the U.S., the world's most medically advanced country, are bolstering increasing shares of both the domestic and overseas markets.

On April 1, 2006, Toshiba reorganized the businesses of two in-house companies, Industrial and Power Systems & Services Company and Social Network & Infrastructure Systems Company, into three in-house companies: Power Systems Company, which promotes business with electric power utilities; Industrial Systems Company, which serves general industry; and Social Infrastructure Systems Company, which mainly supports central and local governments and other organizations.



Super Charge Battery (prototype product)

This new rechargeable battery can recharge to up to 80% of capacity in only a minute, combining capacitor-level fast charging performance with the high volume energy density characteristic of lithium-ion batteries. Product development for commercialization continues for use in industrial power applications.



Flash Memory/Video Server VIDEOS™

This CM bank/VAF (Video Audio File) system has found high regard as a solution allowing broadcasters to store and transmit video and audio sources for commercials. NAND Flash memory replaces conventional tape and HDD as the medium for recording for images and sound, realizing high levels of efficiency, maintainability and reliability.

business by directing R&D towards the development of elemental technologies for such areas as radars and information processing systems, and to promote business expansion with high value-added systems that anticipate emerging changes in customer requirements.

Toshiba Elevator and Building Systems Corporation
Sales in the elevator business were flat in FY2005, compared with the previous term, as price competition undercut a larger share of new orders in the domestic market.

In Japan, demand for elevators is expected to follow the steady development of the real estate market. The Company readied for this in August 2005 by launching a new model in its core product line, the machine-room-less "SPACE-EX". In the replacement market, where year-on-year growth of 20 to 30% growth is anticipated, operations will include upgrades to the latest universal design, a wider range of models for control system renewal, and proposals for earthquake-proof structures.

In the strategically important Chinese market, increasing oversupply intensified price competition. Toshiba Elevator (Shenyang) Co., Ltd., our Chinese affiliate, constructed a new plant on an immense 230,000 square meter site in April 2005, with a capacity of about 10,000 units a year. Looking to the future, the Company will direct cutting-edge technologies toward expanding operations, and reinforce an integrated business structure covering manufacturing, sales, engineering and maintenance.

Toshiba Solutions Corporation

With government and public offices promoting few large-scale projects, solutions business sales to central and local government, public offices and autonomous bodies saw a slight decline in FY2005. However, overall sales remained at almost the same level as in the previous fiscal year as the Company brought to market new solutions that won new private sector customers in areas as diverse as manufacturing and distribution. Efforts to promote further high value-added businesses and to reduce costs by improving procurement procedures achieved positive results and an increase in profits.

In addition to solutions for various businesses and different operations, the Company will offer a package-type solutions businesses covering all phases of the business operation life cycle, from consulting through to outsourcing operations. These will include engineering solutions, where the Company can integrate rich business experience with the latest advances in information technologies and platform solutions supported by a broad alliance and a wealth of expertise.

Toshiba Medical Systems Corporation

The success of the 64-row detector multislice CT scanner "Aquilion 64", launched in the second half of FY2004, contributed to increased sales in FY2005, and supported robust growth in profit.

The multi-slice CT scanner brings new clinical capabilities to cardiovascular diagnostics, and offers both high-speed operation and high-resolution image reconstruction. While Toshiba has already won almost 50% of the domestic market, "Aquilion 64" reinforced the Company's overseas presence, especially in the US, where it was recognized as "the most advanced CT scanner". Another boost came from a *Time* magazine article, featuring clinical images captured by Toshiba's CT and MRI systems. The warm US response also helped to double inquiries from other parts of the world, which translated into increased revenue across the range of diagnostic imaging systems, including CT, MRI, X-ray and ultrasound systems.

Long a leader in Japan's market for diagnostic imaging equipment, the Company is now renewing efforts for higher profitability and increased efficiency across its business processes, while listening carefully to its customers—the start and end point of the business. In Japan, closely focused strategies will strengthen the ability to provide total solution, going beyond leadership in diagnostic imaging system to total medical care information systems. Overseas, the Company will continue to maximize clinical advances through its diagnostic imaging equipment and systems. The ultimate goal is to become a global medical solutions company able to satisfy all needs and requirements.

Home Appliances Segment

In FY2005, solid performances in washing machines and LCD back-light “Cold Cathode Fluorescent Lamp” contributed to consolidated sales of 687.5 billion yen, an increase of 26.5 billion yen from the previous term. Consolidated operating profit climbed to 2.7 billion yen, up by 6.0 billion yen from the previous term.

Further growth will be supported by measures that included the creation of excellent products, improvements in profitability through thorough control of fixed costs, lower production costs from the transfer of manufacturing to China, and the provision of added value, including services supporting the emergence of networked home appliances.

Toshiba Consumer Marketing Corporation Home Appliances business

Sales of high added value products grew in FY2005, centering on the drum type washing machine-dryer incorporating the S-DD (Super Direct Drive) engine, the industry No. 1 in terms of speed, low noise and low energy consumption, and a microwave oven that uses steam during cooking, to reduce fat and salt content.

Delays in launching new products combined with other factors, including rising material costs, underlined the severity of the refrigerator and vacuum cleaner market. At the end of 2005, we launched a new series of refrigerators, “Oketchau Big” that achieves a rated volume of 451 liters in a refrigerator size in the 400 liter class—a 40 liter increase. We also launched new vacuum cleaners integrating the “typhoon robo system”, which improves separation of dust and air and incorporates an easy-care robo filter. Differentiated products like these are expected to drive sales increases. In air-conditioners, the exports of medium-sized air-conditioners to Europe remained robust for a second year.

Construction of a global manufacturing system is making progress through two projects in China: manufacturing and sales of refrigerators and washing machines with TCL Corporation and manufacturing of air-conditioners and parts with GD Midea Holding Co., Ltd. We will reduce costs by accelerating the pace of global manufacturing and overseas procurement.

Lighting Business

FY2005 saw positive advances in the Lighting Business, particularly in LCD backlighting, where the fast growing market for LCD TVs stimulated demand for our “Cold Cathode Fluorescent Lamp”. We are responding to the promise of further growth in this area: in July 2005, we decided to boost manufacturing capacity from 16 million units to 22 million units a month. Harison Toshiba Lighting Corporation, which manufactures and sells the lamps, is the world No. 1 in production output and market share, and aims to secure this position with the capacity expansion.



Front In Drum, drum type washing machine-dryer

We commercialized two models of this innovative drum-type washing machine-dryer. The “TW-150VC” can wash 9kg of laundry, or wash and dry a 6kg load. The new S-DD engine makes this the industry’s quietest home laundry, while improving washing and drying performance and overall operability. The second model, “TW-150SVC”, is a slim home laundry, only 585mm deep, yet it can handle a 6.5kg laundry load or wash and dry 4kg of clothes.



“Neo Ball” Lamps

The “Neo Ball Z Real” series of fluorescent lamps realizes a form and performance close to standard bulbs. The night-light type is the first in the industry to incorporate a second light source, an LED lamp, which is integrated into the globe of the lamp. The slim version, which has an outside diameter of 38mm, offers a compact cartridge and brings new moods to space lighting.



“Dai Sei Kai” room air-conditioner

Consumer-friendly features of these advanced air-conditioners include “filter cleaning” that automatically cleans dust from the indoor filter and discharges it outside, and a “fully automatic air-conditioner cleaner” that removes fungus and cleans the inside of the air conditioner—“fungus-removing plasma cleaning” that combines drying with a low concentration of ozone during cleaning. Thanks to this function, the inside of unit is kept clean, without any need for physical cleaning, for 12 years of actual use. This innovative function also improves power consumption by as much as 35% by preventing performance degradation and energy waste that results from dirt inside the air-conditioner.



We value 130 years of success. But we look to the future, and open it up through acts of imagination. We systematize new ideas and approaches, produce innovative products and services.

Research and Development

Since its establishment in 1875, Toshiba Group has never stopped advancing on new areas of technology. The fruits of this approach, supported by an incessant inquiring spirit and passion for cultivating new markets, can be seen in numerous “Japan firsts” and “world firsts” in home appliances, electrical and electronic equipments. Toshiba Group is totally geared toward developing and commercializing new technologies that provide industry and the general public with the most advanced products and solutions available.

Research and Development System

Toshiba’s comprehensive research and development system is organized around its Corporate Laboratories, and the Development Centers and Technological Departments under the control of individual companies. Three Corporate Laboratories are: the Research and Development Center, the Corporate Manufacturing Engineering Center and the Corporate Software Engineering Center.

The Corporate Research and Development Center looks deep into the future and proactively develops elemental and next generation technologies that will underpin the continued vitality of Toshiba Group. The Corporate Manufacturing Engineering Center and the Corporate Software Engineering Center are charged with boosting productivity and supporting smooth business operations, and with developing common platforms and technologies that can be applied across Toshiba Group as a whole.

Beyond Japan, Toshiba is building a global R&D capability through research laboratories in Europe and the U.S. and its China Research and Development Center. The goal here is innovation through organized, mutual cooperation and interaction.

In FY2005, Toshiba Group had a research and development budget of 372.4 billion yen, equivalent to almost 5.9% of consolidated net sales. The lion’s share of this funding was directed to

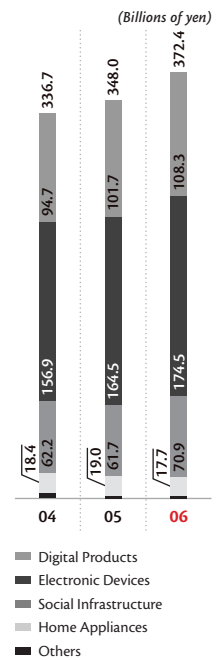
Toshiba’s future growth domains, with approximately 47% going to research in the Electronic Devices business and some 29% to the Digital Products business. Areas of focus in the Electronic Devices business include development of NAND Flash memory, high performance System LSI and next-generation flat panel displays.

Corporate Research and Development Center

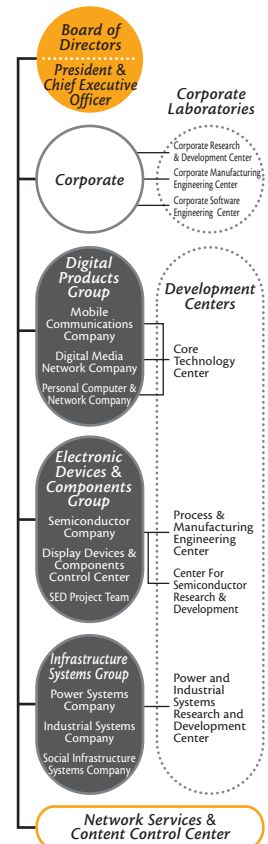
The Corporate Research and Development Center is home to 900 researchers who work in 14 laboratories. They are guided by such overarching themes as “Human-centric Technologies,” and derive inspiration from keywords like “Delight and Surprise” “Safe and Sound” and “Ubiquitous Expertise.” Through their work Toshiba Group will continue to create value that is beneficial to people and society.

Research at the R&D Center ranges wide and deep, including nano-generation semiconductors and next-generation Flash memory in the Electronic Devices area, super-dense recording and voice recognition and interface in the Digital Products area, and physical security and knowledge-processing technologies, such as facial authentication, in the Social Infrastructure area. Whatever the area, research work is promoted by drawing on the vision of the future of Toshiba Group and the technology road maps drawn up with each company.

R&D expenditures
(each fiscal year ended March 31)



R&D System



Board of Directors



TADASHI OKAMURA
Chairman of the Board of Directors



ATSUTOSHI NISHIDA
Director



SHIGEO KOGUCHI
Director



YOSHIAKI SATO
Director



MASAO NIWANO
Director



TOSHIO YONEZAWA
Director



TSUYOSHI KIMURA
Director



FUMIO MURAOKA
Director



SADAZUMI RYU
Director



MASAKI MATSUHASHI
Director



SAKUTARO TANINO
Director



YASUHIKO TORII
Director



ATSUSHI SHIMIZU
Director



KIICHIRO FURUSAWA
Director

Executive Officers

Representative Executive Officer
President and Chief Executive Officer
ATSUTOSHI NISHIDA

Representative Executive Officers
Corporate Senior Executive Vice
Presidents

SHIGEO KOGUCHI
YOSHIKI SATO
MASAO NIWANO
TOSHIO YONEZAWA

Executive Officers
Corporate Executive Vice Presidents

TSUYOSHI KIMURA
MAKOTO AZUMA
MASASHI MUROMACHI

Representative Executive Officer
Corporate Executive Vice President

FUMIO MURAOKA

Executive Officers
Corporate Senior Vice Presidents

TSUTOMU MIYAMOTO
YOSHIIHIDE FUJII
HISATSUGU NONAKA
MASAO NAMIKI
TOSHINORI MORIYASU
CHIKAHIRO YOKOTA

Executive Officers
Corporate Vice Presidents

SHUNSUKE KOBAYASHI
TORU UCHIIKE
MUTSUHIRO ARINOBU
ICHIRO TAI
NOBUHIRO YOSHIDA
HISAYOSHI FUWA
TOSHIHARU KOBAYASHI
KAZUO TANIGAWA
MICHIHARU WATANABE
NORIO SASAKI
KAZUNORI FUKUMA
SHOZO SAITO
HISAO TANAKA
YOSHIO OOIDA
SHUNICHI KIMURA
KOJI IWAMA
SATOSHI NIIKURA
HIDEJIRO SHIMOMITSU

(As of June 27, 2006)

Creation and enhancement of an internal control system

Toshiba Group's basic policy on corporate governance is to promote management efficiency and transparency and to maximize corporate value for the benefit of shareholders. In June 2003, Toshiba Corporation adopted the Company with Committees Systems, targeting three objectives: reinforced management supervision and enhanced transparency; improved management speed and flexibility; and enhanced risk management and compliance systems. In December 2004 the Company established a Corporate Governance Committee and charged it with continuous oversight of how to best shape the corporate structure and group governance.

Japan's new corporation law became effective in May 2006, and oblige large corporations to determine the structure of corporate governance and internal control system of the board of directors. Toshiba took this as an opportunity to develop an internal control system that applies not only to Toshiba Corporation but to all group companies, both at home and abroad; as a means to enhance global internal control.

Of the 14 members of Toshiba's board of directors, seven—the four outside directors, the chairman of the board and two members of the Audit Committee—are not executive officers. Outside directors make up the majority of members serving on each committee and the Nomination Committee and the Compensation Committee are chaired by outside directors. Under the Corporation law, the Nomination Committee of a

Company with Committees charges with making proposals concerning the appointment and dismissal of directors. Toshiba has given its Nomination Committee the additional responsibilities of preparing proposals on the appointment and dismissal of the president and members of each committee.

i. Director's Compensation

"Fixed compensation" is paid to Directors who do not concurrently hold office as an Executive Officer based on his/her status as a full-time or part-time Director and his/her duties.

"Fixed compensation" is paid to Directors who concurrently hold office as an Executive Officer in addition to the Executive Officer's compensation specified in (ii).

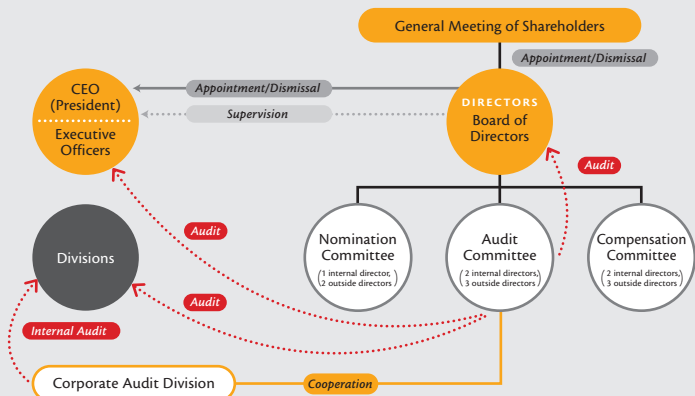
ii. Executive Officer's Compensation

Executive Officer's compensation is comprised of "Basic compensation" based on the Executive Officer's rank (eg. President and Chief Executive Officer, Corporate Senior Executive Vice President) and "Service compensation" calculated according to his/her duties as an Executive Officer.

35% of "Service compensation" will fluctuate from 0 to 2 times according to the year-end performance of division for which the Executive Officer is responsible or of the Company.

In addition, benefits are paid according to the Executive Officer's annual contribution to the Company Executive Stock Ownership Plan, except those who the Executive Officer concurrently holds office as a Director.

Toshiba's Corporate Governance Structure





Protect human life and safety and respect the law—
Toshiba Corporation never forgets the basic roles of
the company. Through communication with society,
Toshiba aims to win trust and be recognized as an
excellent company.

CSR Management

Toshiba Group recognizes fulfillment of its corporate social responsibilities—CSR—as an essential aspect of management, and places the highest priority on human life and safety and legal compliance in all business activities. While taking a leadership role in environmental activities to promote a sustainable society, Toshiba Group, as a global corporate citizen, promotes social contributions everywhere around the world where it operates. By working to diffuse CSR activities throughout the Group, and by encouraging all employees to bring a consciousness of CSR to their daily routine, Toshiba Group will continue to develop CSR activities at the global level.

Enhancement of CSR Management

The “First Toshiba Group CSR Conference,” held in December 2005, attracted the participation of some 500 people, including top executives of Toshiba Corporation and Group companies, and personnel in charge of CSR promotion. Introduced with the intent of accelerating the penetration of CSR activities throughout the global Group, the meeting also offered the opportunity to reaffirm the basic policy of placing the highest priority on human life and safety and legal compliance in all aspects of business.

The mid-term plan for FY2006 to 2008 clearly defines “enhancement of CSR management” as an important pillar of business. Toward this, Toshiba Corporation had established a Corporate Social Responsibility Division that reports directly to the President. Complementing this, the CSR Governance Committee, comprising the head of the CSR Division and responsible officers, is charged with policy making on Group-wide CSR activities.

Toshiba Group promotes compliance and risk management that respects laws, social norms and ethical standards, as an integral part of continuing endeavors to refine an optimized management system that is both fair and transparent. In order to reinforce the message of the Toshiba Group Standards of Conduct, now adopted by approximately 400 Group companies worldwide, Toshiba offers employee e-learning-based education programs and other training. Risk-related compliance and management policies are supported by the CRO*.

Toshiba Corporation initiated the Risk Hotline whistleblower system in FY1999. This was beefed up in FY2005 by giving employees of Toshiba and major Group companies a direct channel to an outside attorney. Following the April 2006 enactment of Japan’s Whistleblower Protection Law, Toshiba also established a “Clean Partner Line,” a whistleblower system for suppliers and partners.

Toshiba notes with the greatest regret that there was a serious breach of legal compliance in FY2005. The Company taking this problem very seriously, measures are now in place to prevent the recurrence of a similar problem, and to assure full adherence with compliance standards throughout the company.

* Chief Risk-Compliance Management Officer

Environmental Management

Toshiba Group’s “Environmental Vision 2010,” announced in 2005, rests on a basic policy of “creating new values in all products while pursuing symbiosis with the Earth by reducing environmental impacts throughout product lifecycles and contributing to the development of a sustainable society.” The essence of the vision is to double the Toshiba Group’s overall eco-efficiency by FY2010, against a FY2000 benchmark. This will further stimulate environmental management in the twin aspects of enhancement of product eco-efficiency and innovation in business processes.

Eco-efficiency is measured by “Factor T,” the Toshiba-defined standard that measures the value created in a product against its environmental impacts. Until

Basic Commitment of the Toshiba Group

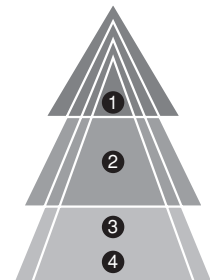
We, the Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.

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.



1 Management Principles

2 Management Vision

A set of values shared throughout Toshiba Group

3 Standards of Conduct

To which everyone in Toshiba Group is required to adhere

4 UN Global Compact

Responsibilities as a global enterprise

now, "Factor T" has been applied to 50 out of 100 product groups, but by the end of FY2006 it will cover a total of 70 product groups.

Toshiba Group as a whole has developed a comprehensive global system to promote environmental management. The executive officer in charge oversees environmental matters and management and promotes specific policies and activities by establishing dedicated committees under the "Corporate Environmental Management Committee". Regional Supervisory Environmental Divisions in Europe, North America, China and Southeast Asia are responsible for environmental measures which meet the specific characteristics of their respective regions.

Environmental management is further enhanced by making full use of "Evaluation System for the Degree of Environmental Management," a comprehensive system for analyzing the quality of management in group companies; the "Environmental Audit System in Toshiba on the basis of ECO Responsibility (EASTER)," which is used for assessing workplace practices, "Environmental Management Information System" which brings together environmental performance data on Toshiba and 368 consolidated companies.

Alongside in-house programs, Toshiba has long stressed the value of communication activities to explain essential environmental-related information, and as an invaluable means for getting feedback as comments, requests and suggestions. "The 15th Toshiba Group Environmental Technology Exhibition," held in February 2006, featured exhibits that explored a total of 101 themes, including approaches to overcoming global warming.

Social Contributions

As encouragement for proactive social contributions throughout global operations, Toshiba launched in FY2005 the Toshiba "ASHITA" Award to honor individual employees or groups that make outstanding social contributions. 547 activities at a total of 164 Toshiba Group companies around the world were nominated for consideration, and awards went to a total of 16 groups.

"Toshiba Hope Elementary Schools" in China

China Toshiba Group supports the "Hope Elementary Schools," a project that provides educational opportunities to underprivileged children. So far, eleven elementary schools have been built and plans call for two new schools every year from FY2005. China Toshiba Group provides stationery and PCs to the schools once they open, and continues to provide long term support.



Toshiba Forest

To mark the Company's 130th anniversary, Toshiba decided to participate in the Company Forest System promoted by the Forestry Agency. Toshiba sponsors and cares for Toshiba Forest, near Gotemba in Shizuoka prefecture. The forest is a great place for participating in conservation activities, and gives city-raised kids an opportunity to observe and experience nature.



Capital:	¥274,926 million
Employees:	172 thousand (Consolidated basis)
Common Stock:	Authorized: 10,000,000,000 shares Issued: 3,219,027,165 shares
Number of Shareholders:	454,849
Stock Code:	6502
Shareholder Register Agent:	The Chuo Mitsui Trust and Banking Company, Limited
Headquarters:	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan

Principal Shareholders	Voting Rights (%)	
	Thousands	%
The Master Trust Bank of Japan, Limited (trust accounts)	198,087	(6.2)
The Chase Manhattan Bank, N.A. London	137,731	(4.3)
Japan Trustee Services Bank, Limited (trust accounts)	129,387	(4.1)
The Dai-ichi Mutual Life Insurance Company	108,752	(3.4)
Nippon Life Insurance Company	102,542	(3.2)
Japan Trustee Services Bank, Limited (trust accounts No.4)	58,232	(1.8)
Toshiba Employees Stocks Ownership Plan	53,799	(1.7)
Sumitomo Mitsui Banking Corporation	50,003	(1.6)
NIPPONKOA Insurance Company, Limited	46,308	(1.5)
Mitsui Sumitomo Insurance Company, Limited	36,952	(1.2)

Investor Relations

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

Toshiba is vigorously carrying out Internet-based IR activities to ensure timely and fair disclosure to all shareholders and investors. Our investor relations site features information for investors, including press releases, Fact Books, and business results announcements, as well as streaming video of business results meetings and explanatory sessions. There is also a section that allows site visitors to express their opinions and ask questions, part of our efforts to improve the quality of our IR activities through interactive communications with investors.



For further information, please contact:

Toshiba Corporation
 Investor Relations Group
 Corporate Communications Office
 1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8001, Japan
Phone: +81-3-3457-2096 **Facsimile:** +81-3-5444-9202
E-mail: ir@toshiba.co.jp
<http://www.toshiba.co.jp/about/ir/index.htm>

Product names may be trademarks of their respective companies.

FORWARD-LOOKING STATEMENTS

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

Overseas Offices

EUROPE

Moscow

AFRICA

Johannesburg

MIDDLE EAST

Baghdad

Abu Dhabi

Overseas Subsidiaries & Affiliates

NORTH AMERICA

Canada

- Toshiba of Canada, Ltd.
- Toshiba TEC Canada Inc.

U.S.A.

- Toshiba America, Inc.
- Toshiba America Capital Corporation
- Toshiba America Research, Inc.
- Toshiba America Information Systems, Inc.
- Toshiba America Consumer Products, L.L.C.
- Toshiba International Corporation
- ST Inverter America, Inc.
- Toshiba America Electronic Components, Inc.
- Toshiba America Medical Systems, Inc.
- Toshiba America MRI Inc.
- Toshiba TEC America Retail Information Systems, Inc.
- Toshiba America Business Solutions, Inc.
- Harison Toshiba Lighting (U.S.A.), Inc.

LATIN AMERICA

Mexico

- Toshiba de Mexico, S.A. de C.V.
- Toshiba Electromex, S.A. de C.V.
- GE Toshiba Turbine Components de Mexico S.R.L de C.V.

Venezuela

- Toshiba de Venezuela C.A.

Brazil

- Semp Toshiba Amazonas S.A.
- T and S Servicios Industrias Ltda.
- Toshiba Electronics do Brasil Ltda.
- Toshiba do Brasil, S.A.
- Toshiba Medical do Brasil Ltda.

EUROPE

UK

- Toshiba of Europe Ltd.
- Toshiba International Finance (UK) Plc.
- Toshiba Research Europe Ltd.
- Toshiba Information Systems (UK) Ltd.
- TTI Card Technology Europe Ltd.
- Toshiba International (Europe) Ltd.
- Toshiba TEC U.K. Imaging Systems Ltd.
- Toshiba Carrier UK Ltd.
- Toshiba Medical Systems Ltd.

Sweden

- Toshiba TEC Nordic AB

The Netherlands

- Toshiba International Finance (Netherlands) B.V.
- Toshiba TEC Netherlands Retail Information Systems B.V.

- Toshiba Medical Systems Europe B.V.

Belgium

- Toshiba TEC Europe Retail Information Systems S.A.
- Toshiba Medical Systems NV/SA

Germany

- Toshiba Europe GmbH
- Toshiba Semiconductor GmbH
- Toshiba Electronics Europe GmbH
- Toshiba TEC Germany Imaging Systems GmbH
- Toshiba Medical Systems GmbH

France

- Toshiba Systemes (France) S.A.
- Schneider Toshiba Inverter S.A.S.
- Schneider Toshiba Inverter Europe S.A.S.
- Toshiba TEC France Imaging Systems S.A.
- Toshiba TEC Europe Imaging Systems S.A.
- Toshiba Lighting Products (France) S.A.
- Toshiba Medical France S.A.

Austria

- Toshiba Medical Systems Gesellschaft m.b.H.

Switzerland

- Toshiba TEC Switzerland AG
- Toshiba Medical Systems AG (Switzerland)

Poland

- Toshiba TEC Poland S.A.

Italy

- Toshiba TEC Italia Imaging Systems S.P.A.
- Toshiba Medical Systems S.R.L.

Spain

- Toshiba Medical Systems S.A.

Russia

- LLC Toshiba Digital Media Network CIS
- Toshiba RUS LLC
- ZAO Toshiba Medical Systems

MIDDLE EAST

U.A.E.

- Toshiba Gulf FZE
- Toshiba El Araby Home Appliances Marketing Company

ASIA

The People's Republic of China

- Toshiba China Co., Ltd.
- Toshiba Dalian Co., Ltd.
- Toshiba Hangzhou Co., Ltd.
- Hangzhi Machinery & Electronics Company Ltd.
- Dalian Toshiba Television Co., Ltd.
- Toshiba Storage Device (Shanghai) Co., Ltd.
- Toshiba Information Equipment (Hangzhou) Co., Ltd.
- Toshiba Personal Computer & Network (Shanghai) Co., Ltd.
- Ningbo Toshiba Huatong Switchgear Co., Ltd.
- Guangzhou Toshiba Baiyun Electrical Equipment Co., Ltd.
- Dalian Toshiba Locomotive Electric Equipment Co., Ltd.
- Changzhou Toshiba Transformer Co., Ltd.

- Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd.
- Zhuhai Xujizhi Power System Automation Co., Ltd.
- Langfang EPRI Toshiba Arrester Co., Ltd.
- Guangzhou Toshiba Baiyun Control System Engineering Co., Ltd.
- Toshiba Hydro Power (Hangzhou) Co., Ltd.
- Toshiba Electronics Management (China) Co., Ltd.
- Toshiba Electronics (Shanghai) Co., Ltd.
- Toshiba Electronics (Shenzhen) Co., Ltd.
- Toshiba Semiconductor (Wuxi) Co., Ltd.
- Tsurong Xiamen Xiangyu Trading Co., Ltd.
- Toshiba Electronics (Dalian) Co., Ltd.
- Dalian Toshiba Broadcasting Systems Co., Ltd.
- Beijing Tongfang-Tsingshiba Business Machines Co., Ltd.
- Toshiba Copying Machine (Shenzhen) Co., Ltd.
- Toshiba TEC Home Electric Appliances (Shenzhen) Co., Ltd.
- Toshiba TEC Rrtail Information Systems (Shenzhen) Co., Ltd.
- Toshiba Elevator Shenyang Co., Ltd.
- Toshiba Elevator Shanghai Co., Ltd.
- Guangdong Meizhi Compressor Ltd.
- Guangdong Meizhi Motor Ltd.
- Guangdong Meizhi Precision Manufacturing Ltd.
- Guangdong Midea Air-Conditioning Equipment Co., Ltd.
- Guangdong Midea Commercial Air-Conditioning Equipment Co., Ltd.
- Guangdong Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.
- Guangdong Midea Group Wuhan Air-Conditioning Equipment Co., Ltd.
- Fuzhou TLT Lighting Co., Ltd.
- Harison Toshiba Lighting (Kunshan) Co., Ltd.
- Toshiba Lighting & Display Systems (Shanghai) Co., Ltd.
- Toshiba Lighting (Beijing) Co., Ltd.
- Toshiba Products & Services (Shanghai) Co., Ltd.
- Toshiba Refrigerator (Xi'an) Co., Ltd.
- Toshiba Consumer & Lighting Products Trading (Shanghai) Co., Ltd.
- Toshiba Washing Machine (Wuxi) Co., Ltd.
- Toshiba TCL HA Manufacturing (Nanhai) Co., Ltd.
- Toshiba HA Sales (Nanhai) Co., Ltd.
- T.G.BATTERY Co., (China) Ltd.
- Hangzhou Toshiba Home Technology Electronics Co., Ltd.

Korea

- Toshiba Electronics Korea Corporation
- Toshiba Electronics Software Solutions Korea Corporation
- Toshiba Digital Media Network Korea Corporation
- Toshiba TEC Korea Co., Ltd.
- Harison Engineering (Korea) Co., Ltd.
- Toshiba Elevator Korea, Inc.

Taiwan

- Taiwan Toshiba International Procurement Corporation
- Toshiba Information, Industrial and Power Systems Taiwan Corporation
- Toshiba Digital Media Network Taiwan Corporation
- Toshiba Memory Semiconductor Taiwan Corporation

- Toshiba Electronics Taiwan Corporation
- Harison Toshiba Lighting Taiwan Co., Ltd.

Hong Kong SAR

- Toshiba Hong Kong Ltd.
- Toshiba Electronics Asia, Ltd.
- Toshiba International Procurement Hong Kong Ltd.
- Toshiba TEC (H.K.) Logistics & Procurement Ltd.
- Toshiba Lighting Hong Kong Ltd.
- T.G.BATTERY Co., (Hong Kong) Ltd.

Philippines

- Toshiba Information Equipment (Philippines), Inc.
- Toshiba Electronics Philippines, Inc.

Vietnam

- Toshiba Vietnam Consumer Products Co., Ltd.
- Toshiba Vietnam Home Appliances Co., Ltd.

Thailand

- Toshiba Thailand Co., Ltd.
- Toshiba Semiconductor (Thailand) Co., Ltd.
- Toshiba Electronics Service (Thailand) Co., Ltd.
- Toshiba Carrier (Thailand) Co., Ltd.
- Thai Toshiba Fluorescent Lamp Co., Ltd.
- Thai Toshiba Lighting Co., Ltd.
- Toshiba Lighting Components (Thailand) Ltd.
- Thai Toshiba Electric Industries Co., Ltd.
- Toshiba Consumer Products (Thailand) Co., Ltd.
- Control Component Co., Ltd.

Malaysia

- Toshiba Sales & Services Sdn. Bhd.
- Toshiba Electronics Malaysia Sdn. Bhd.
- Toshiba Electronics Trading (Malaysia) Sdn. Bhd.
- TOS Energy Malaysia Sdn. Bhd.
- TIM Electronics Sdn. Bhd.
- M S Elevators Engineering Sdn. Bhd.
- M S Elevators Sdn. Bhd.

Singapore

- Toshiba Capital (Asia) Ltd.
- Toshiba Asia Pacific Pte., Ltd.
- Toshiba Data Dynamics Pte., Ltd.
- Toshiba Singapore Pte., Ltd.
- Toshiba Electronics Asia (Singapore) Pte., Ltd.
- TEC Singapore Electronics Pte., Ltd.
- Toshiba Medical Systems Asia Pte., Ltd.
- Toshiba Consumer Marketing (Singapore) Pte., Ltd.
- AFPD Pte., Ltd.

Indonesia

- P.T. Nusantara Energy Solution
- P.T. Toshiba Consumer Products Indonesia
- PT. Toshiba Visual Media Network Indonesia
- P.T. TEC Indonesia

India

- Toshiba India Private Ltd.
- Socrates Software India Private Ltd.

OCEANIA

Australia

- Toshiba International Corporation Pty., Ltd.
- Toshiba (Australia) Pty., Ltd.
- Toshiba TEC Australia Pty., Ltd.

Consolidated Subsidiaries

DOMESTIC

- A&T Battery Corporation
- Device Link, Inc.
- Harison Toshiba Lighting Corporation
- Iwate Toshiba Electronics Co., Ltd.
- Joint Fuel Co., Ltd.
- Kaga Toshiba Electronics Corporation
- Media Serve Corporation
- Toshiba Building Co., Ltd.
- Toshiba Capital Corporation
- Toshiba Carrier Airconditioning Systems Corporation
- Toshiba Carrier Corporation
- Toshiba Consumer Marketing Corporation
- Toshiba Denzai Marketing Co., Ltd.
- Toshiba Device Corporation
- Toshiba Elevator and Building Systems Corporation
- Toshiba HA Products Co., Ltd.
- Toshiba Home Technology Corporation
- Toshiba Industrial Products Sales Corporation
- Toshiba Information Equipments Co., Ltd.
- Toshiba Information Systems (Japan) Corporation
- Toshiba Lighting & Technology Corporation
- Toshiba Logistics Corporation
- Toshiba LSI Package Solutions Corporation
- Toshiba Matsushita Display Technology Co., Ltd.
- Toshiba Medical Systems Corporation
- Toshiba Plant Systems & Services Corporation
- Toshiba Solutions Corporation
- Toshiba TEC Corporation
- Plus 182 Others

OVERSEAS

- AFPD Pte., Ltd.
- Dalian Toshiba Television Co., Ltd.
- Northern Virginia Semiconductor LLC.
- Taiwan Toshiba International Procurement Corporation
- TEC Singapore Electronics Pte., Ltd.
- Toshiba (China) Co., Ltd.
- Toshiba America Business Solutions, Inc.
- Toshiba America Capital Corporation
- Toshiba America Consumer Products, Inc.
- Toshiba America Electronic Components, Inc.
- Toshiba America Information Systems, Inc.
- Toshiba America Medical Systems, Inc.
- Toshiba America MRI, Inc.
- Toshiba America, Inc.
- Toshiba Asia Pacific Pte., Ltd.
- Toshiba Capital (Asia) Ltd.
- Toshiba Compressor (Taiwan) Corporation
- Toshiba Consumer Products (Thailand) Co., Ltd.
- Toshiba Dalian Co., Ltd.
- Toshiba Digital Media Network Taiwan Corporation
- Toshiba do Brasil S.A.
- Toshiba Electronics ASIA, Ltd.
- Toshiba Electronics Europe GmbH
- Toshiba Electronics Malaysia Sdn. Bhd.
- Toshiba Electronics Taiwan Corporation
- Toshiba Europe GmbH
- Toshiba Information Equipment (Hangzhou) Co., Ltd.
- Toshiba Information Equipment (Philippines), Inc.

- Toshiba Information Systems (UK) Ltd.
- Toshiba Information, Industrial and Power Systems Taiwan Corporation
- Toshiba International Corporation
- Toshiba International Finance (Netherlands) B.V.
- Toshiba International Finance (UK) Plc.
- Toshiba International Procurement Hong Kong, Ltd.
- Toshiba Medical Systems Europe B.V.
- Toshiba of Canada, Ltd.
- Toshiba Samsung Storage Technology Korea Corporation
- Toshiba Semiconductor (WUXI) Co., Ltd.
- Toshiba Systemes (France) S.A.
- Toshiba TEC Europe Imaging Systems S.A.
- Toshiba TEC France Imaging Systems S.A.
- Toshiba TEC U.K. Imaging Systems Ltd.
- Plus 116 Others

Affiliated Companies Accounted for by the Equity Method

DOMESTIC

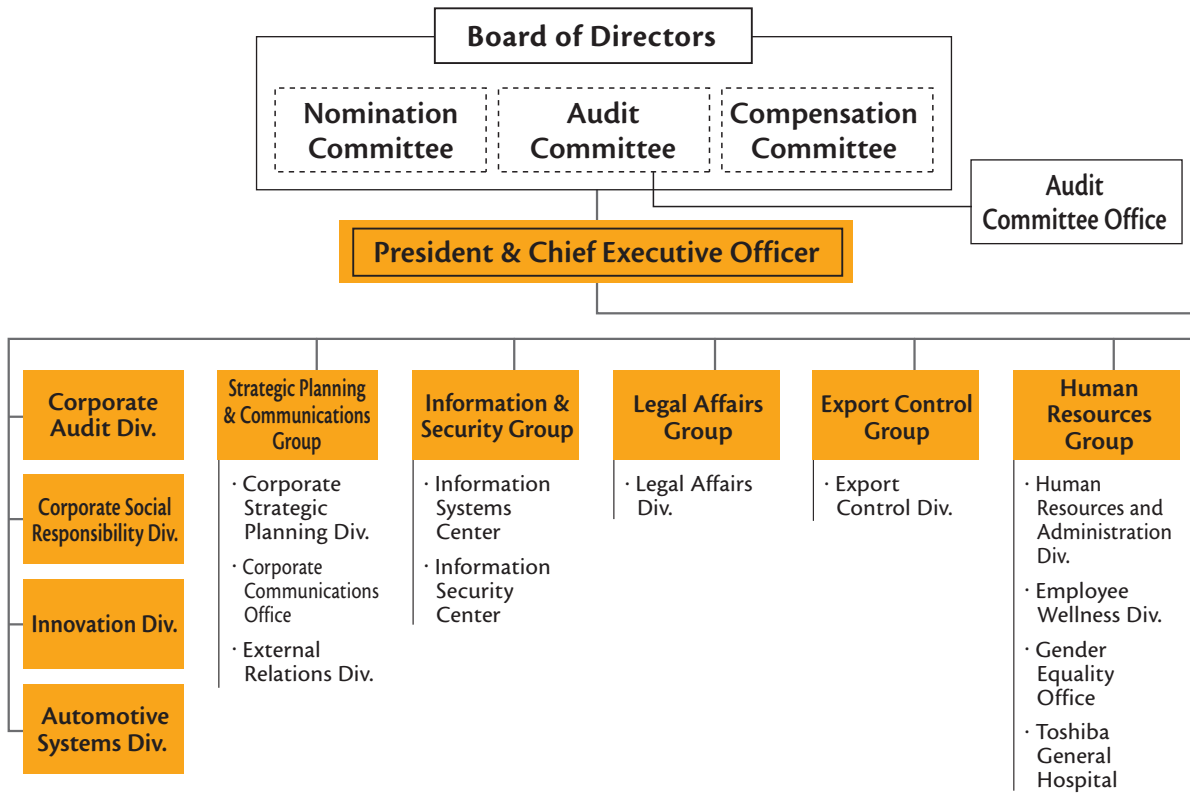
- ep Broadcasting Corporation
- Flash Partners, Ltd.
- FlashVision, Ltd.
- GE Toshiba Silicones Co., Ltd.
- IPS Alpha Technology, Ltd.
- Mobile Broadcasting Corporation
- MT Picture Display Co., Ltd.
- NEC Toshiba Space Systems, Ltd.
- Nishishiba Electric Co., Ltd.
- SED Inc.
- Shibaura Mechatronics Corporation
- Topcon Corporation
- Toshiba Ceramics Co., Ltd.
- Toshiba Finance Corporation
- Toshiba Housing Loan Service Corporation
- Toshiba Machine Co., Ltd.
- Toshiba Medical Finance Co., Ltd.
- Toshiba Mitsubishi-Electric Industrial Systems Corporation
- Plus 33 Others

OVERSEAS

- Beijing Matsushita Color CRT Co., Ltd.
- GD Midea Air-Conditioning Equipment Co., Ltd.
- GE Toshiba Turbine Components de Mexico S.R.L. de C.V.
- Guangdong Meizhi Compressor Ltd.
- Guangdong Meizhi Motor Ltd.
- MT Picture Display (M) Sdn. Bhd.
- MT Picture Display (Thailand) Co., Ltd.
- MT Picture Display Corporation of America (Ohio)
- MT Picture Display Corporation of America (New York)
- MT Picture Display Indonesia
- P.T. Display Devices Indonesia
- Schneider Toshiba Inverter S.A.S.
- Semp Toshiba Amazonas S.A.
- TM GE Automation Systems LLC.
- Toshiba Carrier (Thailand) Co., Ltd.
- Toshiba Carrier UK Ltd.
- Plus 44 Others

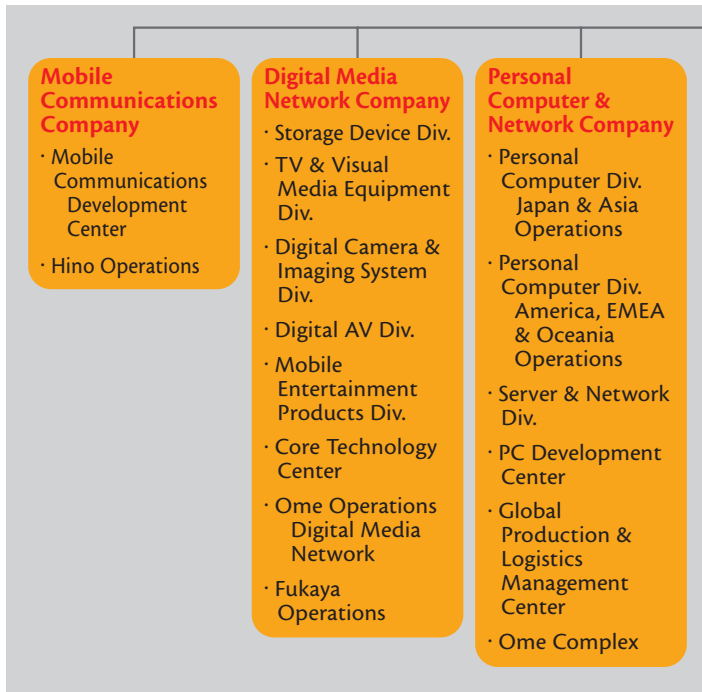
(As of March 31, 2006)

Organization Chart

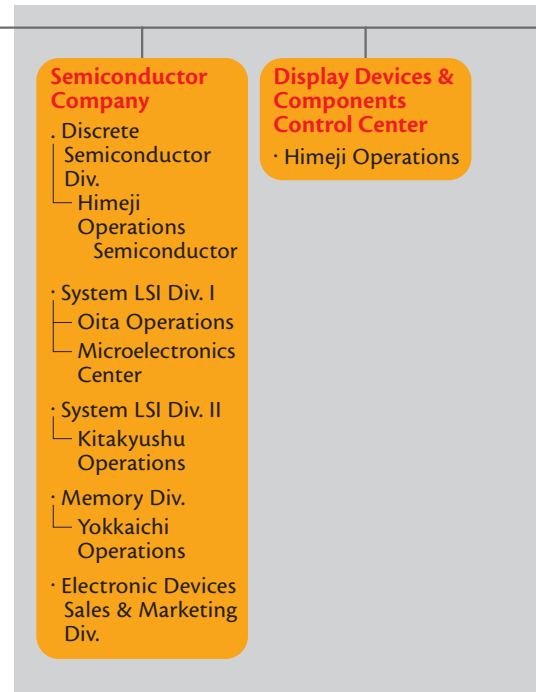


(In-house Companies)

Digital Products Group



Electronic Devices & Components Group



Finance & Accounting Group

- Finance & Accounting Div.
- Internal Control Promotion Div.

Productivity, Procurement & Environment Group

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

Technology & Intellectual Property Group

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

Marketing & Regional Strategy Group

- Marketing Planning Div.
- Corporate Market Creation Div.
- Overseas Business Promotion Div. (Overseas Offices)
 - Moscow
 - Johannesburg
 - Baghdad
 - Abu Dhabi
- Corporate Branding Office
- Design Center

Group Relations Group

- Group Relations Div.

Infrastructure Systems Group

Network Services & Content Group

SED Project Team

Power Systems Company

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

Industrial Systems Company

- Electrical Apparatus & Measurement Div.
- Transportation Systems Div.
- Security & Automation Systems Div.
- Fuchu Complex
- Komukai Operations Security & Automation Systems
- Mie Operations

Social Infrastructure Systems Company

- Infrastructure Systems Div.
- Environmental Systems Div.
- Broadcasting & Network Systems Div.
- Defense & Electronic Systems Div.
- Komukai Operations

Network Services & Content Control Center

- iValue Creation Div.

TOSHIBA CORPORATION

