TOSHIBA
Leading Innovation

TOSHIBA CORPORATION

2008 FINANCIAL REVIEW

Annual Report 2008 • Financial Review

Five-year Summary

Toshiba Corporation and Subsidiaries
Years ended March 31

	Millions of yen, except per share amounts				
	2008	2007	2006	2005	2004
Net sales	**¥7,668,076**	¥7,116,350	¥6,343,506	¥5,836,139	¥5,579,506
Cost of sales	**5,759,840**	5,312,179	4,659,795	4,296,572	4,075,336
Selling, general and administrative expenses (Note 1)	**1,670,137**	1,545,807	1,443,101	1,384,760	1,329,584
Operating income (Note 2)	**238,099**	258,364	240,610	154,807	174,586
Income (loss) before income taxes and minority interest	**255,558**	298,460	178,177	111,232	135,770
Income taxes	**113,380**	145,355	90,142	55,944	102,237
Net income	**127,413**	137,429	78,186	46,041	28,825
Per share of common stock:					
Net income (Note 3)					
—Basic	**¥39.46**	¥42.76	¥24.32	¥14.32	¥8.96
—Diluted	**36.59**	39.45	22.44	13.53	8.96
Cash dividends	**12.00**	11.00	6.50	5.00	3.00
Total assets	**¥5,935,637**	¥5,931,962	¥4,727,113	¥4,571,412	¥4,462,200
Shareholders' equity	**1,022,265**	1,108,321	1,002,165	815,507	754,990
Capital expenditures (Property, plant and equipment)	**465,044**	375,335	338,800	318,394	227,273
Depreciation (Property, plant and equipment)	**340,852**	259,882	228,637	215,844	223,946
R&D expenditures	**393,293**	393,987	372,447	348,010	336,714
Number of employees	**198,000**	191,000	172,000	165,000	161,000

Notes: 1) ¥4,085 million, ¥4,836 million and ¥48,945 million of "Subsidy received on return of substitutional portion of Employees' Pension Fund Plan, net of settlement loss of ¥5,045 million in 2006, ¥7,992 million in 2005 and ¥188,106 million in 2004" are classified as a reduction of selling, general and administrative expenses for the fiscal years ended March 31, 2006, 2005 and 2004, respectively.

2) Operating income (loss) presented hereinafter is, in accordance with accounting practices in Japan, derived from a value that deducts the cost of sales and selling, general and administrative from net sales, allowing comparison with that of other companies in Japan. Some items which are classified as operating income (loss) under U.S.GAAP may be presented as non-operating income (loss). In the FY2007 accounts, such items as the withdrawal from the HD DVD business, the sale of Ginza Toshiba Building, and the change in accounting estimates effected by a change in accounting principle for depreciation of property, plant and equipment (P.P.E.), are presented as non-operating income (loss).

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 convertible bonds were converted or 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, 2004 through 2005 has been reclassified to conform with the current classification.

SCOPE OF CONSOLIDATION

As of the end of March 2008, Toshiba Group comprised Toshiba Corporation and 550 consolidated subsidiaries and its principal operations were in the Digital Products, Electronic Devices, Social Infrastructure and Home Appliances business domains.

133 consolidated subsidiaries were involved in Digital Products, 59 in Electronic Devices, 211 in Social Infrastructure, 77 in Home Appliances and 70 in Others.

The number of consolidated subsidiaries was 31 more than at the end of March 2007.

193 affiliates were accounted by the equity method as of the end of March 2008.

RESULTS OF OPERATIONS

NET SALES AND NET INCOME (LOSS)

The Japanese economy continued to expand during the first half of FY2007, mainly on increased capital expenditure. The economy faced difficulties in the second half, as the subprime mortgage crisis impacted on the US economy and the continuing rise in crude oil prices cast darkening shadows over corporate profitability.

Overseas, the US economy slowed due to the subprime mortgage crisis in the second half of FY2007, and the pace of economic expansion in the Europe slowed as well. Asia, including China, continued to see economic expansion.

In these circumstances, Toshiba posted higher consolidated sales, reflecting proactive managements, including strategic allocation of resources grounded in the Group strategy of achieving sustained growth with profit. Toshiba's overall consolidated sales for the full-year term were 7,668.1 billion yen, an increase of 551.7 billion yen. Consolidated operating income declined by 20.3 billion yen to 238.1 billion yen. Social Infrastructure recorded substantially increased operating income, while Electronic Devices saw significantly lower operating income. Income before income taxes and minority interest decreased by 42.9 billion yen to 255.6 billion yen, a figure primarily reflecting the costs incurred in the withdrawal from the HD DVD business and the impact of changes in estimate of salvage value of property, plant and equipment (P.P.E.), in spite of the gain from the sale of the Ginza Toshiba Building. Net income decreased by 10.0 billion yen to 127.4 billion yen.

NET SALES BY REGION

	Millions of yen		
Year ended March 31	**2008**	2007	2006
Japan	**¥3,705,218**	¥3,599,385	¥3,382,143
Asia	**1,498,045**	1,412,446	1,144,568
North America	**1,151,932**	1,057,810	945,137
Europe	**1,079,485**	863,224	699,584
Others	**233,396**	183,485	172,074
Net Sales	**¥7,668,076**	¥7,116,350	¥6,343,506

(Note) These figures are based on geographic location of the market in which sales were recorded, and therefore differ from the segment sales reported on p.7, which are based on the location of the distribution source.

DIVIDEND

The Company while giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, seeks to achieve continuous increases in its actual dividend payments, in line with a payout ratio in the region of 30 percent, on a consolidated basis.

The Company paid an interim dividend of ¥6.00 per share and a year-end dividend of ¥6.00 per share. As a result, the annual dividend for the full term reached a record high of ¥12.0, up ¥1.0 from the previous term.

The dividend for FY2008 has not yet been decided.

RESULTS BY INDUSTRY SEGMENT

	Billions of yen			
	Net Sales		Operating Income (loss)	
Year ended March 31	—	Change (%)	—	Change
Digital Products	2,951.2	+5%	15.0	−0.8
Electronic Devices	1,738.5	+5%	74.1	−45.6
Social Infrastructure	2,419.0	+17%	131.3	+34.5
Home Appliances	774.3	+3%	3.9	−5.8
Others	384.6	−2%	14.7	−4.0
Eliminations	−599.5	—	−0.9	—
Total	7,668.1	+8%	238.1	−20.3

DIGITAL PRODUCTS

Consolidated sales of Digital Products rose by 145.7 billion yen to 2,951.2 billion yen. The PC business saw sales growth on increased sales worldwide, and the Digital Media business also saw higher sales in TVs. Sales in the mobile phone business were flat, while the Retail Information Systems and Office Equipment business saw lower sales.

The segment's consolidated operating income decreased by 0.8 billion yen, resulting in a profit of 15.0 billion yen. The PC business recorded a significant increase in operating income on the strength of higher sales, and the Retail Information Systems and Office Equipment business also increased operating income, the result of focusing sales on high-value added products. The Digital Media business, however, recorded a significantly lower performance, reflecting costs incurred in the withdrawal from the HD DVD business.

ELECTRONIC DEVICES

The Semiconductor business saw sales increase, mainly in NAND flash memory. Sales in the Devices and Components business remained flat. The LCD business saw sales decline on sluggish sales of LCDs for mobile applications and a decline in sales prices. Overall consolidated segment sales increased by 81.2 billion yen to 1,738.5 billion yen.

Consolidated operating income for the segment was 74.1 billion yen, a decrease of 45.6 billion yen. Both the Semiconductor business and the LCD business saw significantly lower operating income, the result of declining sales prices.

SOCIAL INFRASTRUCTURE

Consolidated sales in the Social Infrastructure segment increased by 351.3 billion yen to 2,419.0 billion yen. The Power Systems business saw solid sales of thermal power plant and equipment, and electric power transmission and distribution systems, mainly in overseas markets, and sales were also boosted by the consolidation of Westinghouse into the Group. The Industrial Systems business also recorded increased sales, on a good performance in transportation systems. Sales in the Medical Systems business rose against the previous year, on higher sales in overseas markets. The IT Solutions business and the Elevator business also saw increased sales. In the Social Infrastructure Systems business, sales were lower as TV broadcasting companies completed their initial round of capital investment in digital broadcasting.

Consolidated operating income in the segment was 131.3 billion yen, an improvement of 34.5 billion yen. While the Social Infrastructure Systems business saw lower results, the Power Systems business and the Industrial Systems business posted solid performances. The Medical Systems business and IT Solutions business continued to see the same levels of high profitability as in the previous period, and the Elevator business also recorded a good performance.

HOME APPLIANCES

Consolidated sales of Home Appliances increased by 25.4 billion yen to 774.3 billion yen, on higher sales of air conditioners, refrigerators and washing machines, mainly in overseas markets.

Consolidated segment operating income declined by 5.8 billion yen to 3.9 billion yen, largely as the result of amendment of the Building Standards Law, declines in prices for white goods and industrial lighting, and increased costs involved in restructuring domestic manufacturing bases.

OTHERS

Consolidated net sales of Others decreased by 7.0 billion yen from the previous year to 384.6 billion yen, and consolidated operating income also decreased by 4.0 billion from the year earlier to 14.7 billion yen.

The consolidated segment information has been prepared based on Article 15-2 of the Regulations for Consolidated Financial Statements instead of Statement of Financial Accounting Standards ("SFAS") No. 131.

INDUSTRY SEGMENTS

	Millions of yen			Thousands of U.S. dollars
Year ended March 31	**2008**	2007	2006	**2008**
Sales:				
Digital Products				
Unaffiliated customers	**¥2,845,843**	¥2,720,522	¥2,459,270	**$28,458,430**
Intersegment	**105,343**	84,968	77,278	**1,053,430**
Total	**2,951,186**	2,805,490	2,536,548	**29,511,860**
Electronic Devices				
Unaffiliated customers	**1,654,842**	1,572,967	1,301,665	**16,548,420**
Intersegment	**83,704**	84,334	86,419	**837,040**
Total	**1,738,546**	1,657,301	1,388,084	**17,385,460**
Social Infrastructure				
Unaffiliated customers	**2,305,984**	1,991,083	1,815,115	**23,059,840**
Intersegment	**113,007**	76,583	67,146	**1,130,070**
Total	**2,418,991**	2,067,666	1,882,261	**24,189,910**
Home Appliances				
Unaffiliated customers	**754,091**	726,878	669,058	**7,540,910**
Intersegment	**20,203**	22,052	18,448	**202,030**
Total	**774,294**	748,930	687,506	**7,742,940**
Others				
Unaffiliated customers	**107,316**	104,900	98,398	**1,073,160**
Intersegment	**277,314**	286,736	281,357	**2,773,140**
Total	**384,630**	391,636	379,755	**3,846,300**
Eliminations	**(599,571)**	(554,673)	(530,648)	**(5,995,710)**
Consolidated	**¥7,668,076**	¥7,116,350	¥6,343,506	**$76,680,760**

Year ended March 31	Millions of yen 2008	2007	2006	Thousands of U.S. dollars 2008
Operating income (loss):				
Digital Products	**¥ 15,059**	¥ 15,784	¥ 20,864	**$ 150,590**
Electronic Devices	**74,130**	119,750	123,287	**741,300**
Social Infrastructure	**131,274**	96,760	76,553	**1,312,740**
Home Appliances	**3,912**	9,676	2,710	**39,120**
Others	**14,669**	18,721	17,964	**146,690**
Eliminations	**(945)**	(2,327)	(768)	**(9,450)**
Consolidated	**¥ 238,099**	¥ 258,364	¥ 240,610	**$ 2,380,990**
Identifiable assets:				
Digital Products	**¥1,290,442**	¥1,242,567	¥1,092,075	**$12,904,420**
Electronic Devices	**1,552,752**	1,449,764	1,323,693	**15,527,520**
Social Infrastructure	**2,337,972**	2,385,297	1,577,973	**23,379,720**
Home Appliances	**438,989**	438,793	400,825	**4,389,890**
Others	**379,305**	479,155	442,389	**3,793,050**
Corporate and Eliminations	**(63,823)**	(63,614)	(109,842)	**(638,230)**
Consolidated	**¥5,935,637**	¥5,931,962	¥4,727,113	**$59,356,370**
Depreciation and amortization:				
Digital Products	**¥ 38,459**	¥ 42,493	¥ 32,071	**$ 384,590**
Electronic Devices	**229,539**	169,113	148,016	**2,295,390**
Social Infrastructure	**59,864**	41,782	34,982	**598,640**
Home Appliances	**22,717**	18,307	16,654	**227,170**
Others	**29,581**	21,180	22,494	**295,810**
Corporate	**—**	—	—	**—**
Consolidated	**¥ 380,160**	¥ 292,875	¥ 254,217	**$ 3,801,600**
Impairment of long-lived assets:				
Digital Products	**¥ 16,708**	¥ 7,921	¥ 7,126	**$ 167,080**
Electronic Devices	**63**	1	2,861	**630**
Social Infrastructure	**134**	6	444	**1,340**
Home Appliances	**—**	216	116	**—**
Others	**54**	472	1,427	**540**
Corporate	**—**	—	—	**—**
Consolidated	**¥ 16,959**	¥ 8,616	¥ 11,974	**$ 169,590**
Capital expenditures:				
Digital Products	**¥ 37,513**	¥ 40,526	¥ 44,209	**$ 375,130**
Electronic Devices	**367,368**	269,654	239,480	**3,673,680**
Social Infrastructure	**67,696**	58,750	44,034	**676,960**
Home Appliances	**20,019**	24,744	27,428	**200,190**
Others	**9,432**	16,123	7,733	**94,320**
Corporate	**—**	—	—	**—**
Consolidated	**¥ 502,028**	¥ 409,797	¥ 362,884	**$ 5,020,280**

GEOGRAPHIC SEGMENTS

Year ended March 31	Millions of yen 2008	2007	2006	Thousands of U.S. dollars 2008
Sales:				
Japan				
Unaffiliated customers	**¥4,103,301**	¥4,070,662	¥3,787,378	**$41,033,010**
Intersegment	**2,041,284**	1,922,480	1,677,041	**20,412,840**
Total	**6,144,585**	5,993,142	5,464,419	**61,445,850**
Asia				
Unaffiliated customers	**1,260,522**	1,143,500	980,360	**12,605,220**
Intersegment	**594,820**	580,604	541,060	**5,948,200**
Total	**1,855,342**	1,724,104	1,521,420	**18,553,420**
North America				
Unaffiliated customers	**1,187,279**	1,002,117	863,732	**11,872,790**
Intersegment	**20,958**	26,230	24,769	**209,580**
Total	**1,208,237**	1,028,347	888,501	**12,082,370**
Europe				
Unaffiliated customers	**1,016,175**	809,031	634,245	**10,161,750**
Intersegment	**23,297**	21,200	24,489	**232,970**
Total	**1,039,472**	830,231	658,734	**10,394,720**
Others				
Unaffiliated customers	**100,799**	91,040	77,791	**1,007,990**
Intersegment	**12,654**	6,203	1,454	**126,540**
Total	**113,453**	97,243	79,245	**1,134,530**
Eliminations	**(2,693,013)**	(2,556,717)	(2,268,813)	**(26,930,130)**
Consolidated	**¥7,668,076**	¥7,116,350	¥6,343,506	**$76,680,760**
Operating income (loss):				
Japan	**¥ 152,892**	¥ 204,089	¥ 191,949	**$ 1,528,920**
Asia	**37,579**	26,080	22,063	**375,790**
North America	**7,619**	7,816	18,107	**76,190**
Europe	**25,625**	7,248	6,145	**256,250**
Others	**3,799**	3,304	2,075	**37,990**
Eliminations	**10,585**	9,827	271	**105,850**
Consolidated	**¥ 238,099**	¥ 258,364	¥ 240,610	**$ 2,380,990**
Identifiable assets:				
Japan	**¥4,263,120**	¥4,010,563	¥3,790,544	**$42,631,200**
Asia	**762,011**	835,668	750,481	**7,620,110**
North America	**737,911**	789,392	254,649	**7,379,110**
Europe	**589,932**	661,853	241,598	**5,899,320**
Others	**42,621**	77,116	30,379	**426,210**
Corporate and Eliminations	**(459,958)**	(442,630)	(340,538)	**(4,599,580)**
Consolidated	**¥5,935,637**	¥5,931,962	¥4,727,113	**$59,356,370**

RESEARCH AND DEVELOPMENT

The Group, inspired by the concepts of "surprise and sensation" and "safety and security", is dedicated to the increase of value through process innovation and the creation of value through value innovation. Considering "Eco & Energy", wide-ranging research projects promote the development of differentiated technologies and proprietary knowledge in new materials, products and systems, and further the development of manufacturing technology. In the core business segments of Digital Products, Electronic Devices and Social Infrastructure, research and development draws on the Group's technological strengths to develop engines for future growth to a strategic product map. Efforts are also made to achieve cross functional business synergies, such as those between the Digital Products segment and Electronic Devices segment, with the goal of expanding customer value to generate new competitive strengths.

The Group's overall R&D expenditure reached ¥393.3 billion in the fiscal year ended March 31, 2008. Expenditures for each business segment were as follows:

	Billions of yen
Digital Products	118.3
Electronic Devices	166.2
Social Infrastructure	88.3
Home Appliances	19.2
Others	1.3

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE OVERVIEW

The Group's basis strategy stresses proactive managements including the strategic allocation of resources in growing fields grounded in achieving sustained growth with profit, one pillar of corporate management of the Group. In the term under review, overall capital investments (based on the value of orders placed and including intangible assets; the same hereafter) reached ¥618.9billion, mainly for the Electronic Devices segments. This capital investment amount includes ¥181.5 billion, which is the Group's portion of the investments made by Flash Alliance, Ltd., etc., which are companies accounted for by the equity method. The Group's capital investments (consolidated basis) excluding abovementioned investment by Flash Alliance, Ltd., etc., are ¥437.4 billion.

In the Electronic Devices segment, capital investments of ¥436.5 billion (including ¥181.5 billion, which is the Group's portion of the investments made by Flash Alliance, Ltd., etc., which are companies accounted for by the equity method) were directed at increasing capacity and promoting development of semiconductor products and raising output of LCDs.

Major projects completed by the Group in this fiscal year included leading-edge LSI manufacturing facilities (at the Oita Operations), manufacturing building equipment and power equipment for NAND flash memories (at the Yokkaichi Operations), manufacturing facilities for discrete semiconductors (at Kaga Toshiba Electronics Corporation).

In the Digital Products segment, capital investments totaling ¥48.3 billion were channeled into development and manufacturing of new products, including PCs, imaging products and HDDs.

In the Social Infrastructure segment, capital investments of ¥86.6 billion were made in areas that included system development and renewal infrastructure equipment for manufacturing. In the Home Appliances segment, ¥30.7 billion was invested for to development of new models and manufacturing.

Capital expenditures in the Others segment totaled ¥16.8 billion.

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

In the fiscal year ending March 31, 2009, investment in new facilities and equipment upgrades, including intangible assets, is projected to total ¥656.0 billion (based on the value of orders placed; the same hereafter). This figure includes ¥178.0 billion, which is the Group's portion of the investment made by Flash Alliance, Ltd., etc., which are companies accounted for by the equity method. The Group's planned capital investments (consolidated basis), excluding abovementioned investments by Flash Alliance, Ltd., etc., are ¥478.0 billion.

The Group's planned capital investments for each business segment are described below:

	Billions of yen
Digital Products	52.0
Electronic Devices	413.0
Social Infrastructure	116.0
Home Appliances	31.0
Others	44.0

Notes: 1) Consumption taxes are not included in these capital investments.
2) These capital investments will be primarily financed by internal funds and borrowings.
3) Retiring material facilities is not planed except for routine renewal of facilities.
4) Capital investment for Electronic Devices includes ¥178.0 billion, which is the Group's portion of the investment made by Flash Alliance, Ltd., etc., which are companies accounted for by the equity method.
5) Brief of investments plan for each business segment is described below:
- Digital Products plans to invest ¥52.0 billion in manufacturing facilities for HDDs, etc.
- Electronic Devices plans to invest ¥413.0 billion in enhancement of manufacturing facilities for NAND flash memories, construction of new facilities and manufacturing facilities for LCDs, etc.
- Social Infrastructure plans to invest ¥116.0 billion in nuclear power business, enhancement of overseas manufacturing bases of thermal power business and manufacturing facilities for new type rechargeable battery, etc.
- Home Appliances plans to invest ¥31.0 billion in manufacturing facilities for home appliances and molds, etc.
- Others plans to invest ¥44.0 billion.

FINANCIAL POSITION AND CASH FLOWS

Total assets increased by 3.6 billion yen from the end of March 2007 to 5,935.6 billion yen.

Shareholders' equity decreased by 86.0 billion yen from the end of March 2007 to 1,022.3 billion yen, largely reflecting a decline in other comprehensive income (loss) of 191.0 billion yen due to yen appreciation, etc. in spite of a net income of 127.4 billion yen.

Total debt increased by 102.5 billion yen from the end of March 2007 to 1,261.0 billion yen, mainly as a result of increased working capital.

As a result of the foregoing, the debt-to-equity ratio as of the end of March 2008 was 123%, an 18-point worsening from the end of March 2007.

Free cash flow was minus 75.6 billion yen, a 75.7 billion yen improvement from the same period of the previous year, as improved cash flows from investing activities compensated for deterioration in cash flows from operating activities. The main cause of improved cash flows from investing activities is that Toshiba paid cash for the acquisition of Westinghouse in the FY2006 and received cash from the sale of the Ginza Toshiba Building in the FY2007.

CASH FLOWS

In the fiscal year under review, net cash provided by operating activities amounted to ¥247.1 billion, a decrease of ¥314.4 billion from the previous fiscal year.

Net cash used in investing activities totaled ¥322.7 billion, a decrease of ¥390.1 billion from the previous fiscal year. This was due to costs incurred from the acquisition of Westinghouse in prior year and proceeds from the sale of the Ginza Toshiba Building in current year.

Net cash provided by financing activities amounted to ¥46.6 billion in current year compared with ¥154.8 billion in net cash provided by financing activities during the prior year. This decrease was due to the finance acquisition of Westinghouse in prior year.

The effect of exchange rate movements was to decrease cash by ¥31.7 billion. After accounting for the aforementioned and other factors, cash and cash equivalents at the fiscal year-end decreased by ¥60.7 billion to ¥248.6 billion.

TREASURY STOCK

Shares held as of the closing date of last period:			5,537,542 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		1,285,859 (common stock)
		Aggregate amount of acquisition costs:	1,235 (million yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		132,295 (common stock)
		Aggregate amount of sales value:	113 (million yen)
	Conversion of convertible bonds		5,248,461 (common stock)
		Aggregate amount of sales value:	2,860 (million yen)
Shares held as of the closing date of this period:			1,442,645 (common stock)

PRINCIPAL SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2008

Name of Company	Voting Rights Ratio (Percentage)	Location
Toshiba TEC Corporation	52.5	Shinagawa-ku, Tokyo
Toshiba America Business Solutions, Inc.	100.0	U.S.
Toshiba Matsushita Display Technology Co., Ltd.	60.0	Minato-ku, Tokyo
AFPD Pte., Ltd.	100.0	Singapore
Toshiba Plant Systems & Services Corporation	61.6	Ota-ku, Tokyo
Toshiba Elevator and Building Systems Corporation	80.0	Shinagawa-ku, Tokyo
Toshiba Solutions Corporation	100.0	Minato-ku, Tokyo
Toshiba Medical Systems Corporation	100.0	Otawara
Toshiba Nuclear Energy Holdings (US) Inc.	67.0	U.S.
Toshiba Nuclear Energy Holdings (UK) Ltd.	67.0	U.K.
Toshiba America Medical Systems, Inc.	100.0	U.S.
Toshiba Consumer Marketing Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba Capital Corporation	100.0	Minato-ku, Tokyo
Toshiba America, Inc.	100.0	U.S.
Toshiba International Finance (UK) Plc.	100.0	U.K.
Toshiba Capital (Asia) Ltd.	100.0	Singapore
Taiwan Toshiba International Procurement Corporation	100.0	Taiwan

(Notes) 1. The Company has 550 consolidated subsidiaries (including the above 17 companies) in accordance with Generally Accepted Accounting Standards in the U.S., and 193 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Ikegami Tsushinki Co., Ltd., Shibaura Mechatronics Corporation, Toshiba Machine Co., Ltd., and Topcon Corporation.

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

3. Effective in April 2008, Toshiba Consumer Marketing Corporation became a holding company controlling the Home Appliances Segment in conjunction with the reorganization of the Group companies in this business segment, and its trade name has been changed to Toshiba Consumer Electronics Holdings Corporation.

Main Places of Business and Facilities of the Company

As of March 31,2008

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

RISK FACTORS RELATING TO THE TOSHIBA GROUP AND ITS BUSINESS

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

Risks identified by the Group are based on information available to the Group at June 25, 2008. They also include issues that may not affect investment decisions, but which are mentioned in line with the Group's policy of proactive disclosure. The Group recognizes these risks and makes every effort to manage them and to minimize any impact from them.

(1) Business environment of Digital Products business

The market for the Digital Product segment is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. In addition, demand for products in this segment can be volatile. In times of decreased consumer spending, demand for the Group's products can be low, while times of rapid increases in demand may result in shortages of parts and components, hampering the Group's ability to supply products to the market in a timely manner. While the segment makes every effort to monitor the demand situation, any rapid fluctuation in demand may result in price erosion or increases in component prices.

Furthermore, some products in this segment are dependent on particular customers.

(2) Business environment of Electronic Devices business

The market for the Electronic Devices segment is highly cyclical in demand. In addition, there is intense competition to develop and market new products. The Group makes every effort to monitor shifts in the market, but if the market faces a downturn, if the Group fails to market new products in a timely manner, or if there is a rapid introduction of new technology, the Group's current products may become obsolete.

This business segment requires significant levels of capital expenditure. While efforts are made to invest in stages by carefully monitoring demand, unanticipated market change may result in production capacity for particular products becoming available at a time when demand for those products is on the wane, causing oversupply.

In addition, the Electronic Devices business segment is prone to large fluctuation in operating income, and if the market conditions worsen significantly, the Segment's performance may have a large influence on the overall company's profit and loss.

(3) Business environment of Social Infrastructure business

A significant portion of net sales in the Social Infrastructure segment is attributable to government and local municipality expenditure on public works, and to capital expenditure by the private sector. The segment monitors trends in such capital expenditures, and also makes best efforts to cultivate new business and customers, in order to avoid undue impact from any fluctuations. However, reductions and delays in public works spending, as well as low levels of private capital expenditure, can adversely affect the segment business.

Furthermore, the segment's business involves supply of products and services for large-scale projects on a worldwide basis. Delays, changes in plans, stoppages, natural and other disasters, and other factors, may adversely affect the progress of such large-scale plant projects. The percentage of completion method is applied for revenue recognition for long term construction work contracts. The Company reassesses expected costs and profits accordingly, and if the expected profits from such a project do not meet original expectations, a loss will be recognized against prior accrued profits.

(4) Acquisitions and others

As a result of the acquisition of Westinghouse group on October 2006, a substantial amount of goodwill has been recorded in the Company's consolidated balance sheet, pursuant to U.S. generally accepted accounting principles (US GAAP). The Company believes that this goodwill is appropriate, reflecting Westinghouse's future capabilities for profit generation and the synergy that is being obtained from combining Westinghouse and the Group. It is an important managerial task for the Group to maintain the value of this goodwill.

In August 2007, the Group entered into a share transfer agreement with National Atomic Company Kazatomprom JSC (hereafter "Kazatomprom"), a Republic of Kazakhstan state-owned enterprise and a major supplier of uranium, under which the Company transferred 10 percent of its ownership interest in Westinghouse's holding companies to Kazatomprom. As a result of this transfer, the Company's ownership interest in Westinghouse was reduced to 67%. The remainder of the stock is held by the Shaw Group Inc. (hereafter "Shaw"), which holds 20%, and IHI Corporation (hereafter "IHI"), which holds 3 percent.

Under the relevant shareholders agreements, Shaw, IHI and Kazatomprom are restricted from transferring their ownership interests in Westinghouse for approximately six years from the date of the initial shareholders agreements. To protect the Company from capital participations by unfavorable third parties and to protect minority shareholders' interests, the Company also provided each of Shaw, IHI and Kazatomprom with an option to sell all or part of its ownership interest to the Company during a certain period, while the Company has an option to purchase all or part of the ownership interest of Shaw, IHI or Kazatomprom, under certain conditions. In the event that Shaw, IHI or Kazatomprom exercise the sell option, or the Company exercises its purchase option, the Group may need to raise further funds.

(5) Lawsuits and others

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. There will be also possibility of such a case in future. Due to the differences in judicial systems and the uncertainties inherent of such proceedings, the Group may be subject to a ruling requiring payments of amounts far exceeding its expectations. Any judgement or decision unfavorable to the Group could have a materially adverse effect on the Group's financial condition or results of operations. In addition, the pursuit of or defense of such lawsuits, legal proceedings and investigations may require significant resources and significant involvement of the Group's senior management, which may divert management attention from normal operations.

In January 2007, the European Commission (the "Commission") imposed fines on 19 companies, including the Company, for infringing EU competition laws in the gas insulated switchgear market. The Company was directly fined EUR86.25 million, and was also fined EUR4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company contends that it did not infringe EU competition laws and appealed these fines in April 2007. However, there can be no assurances that the Company will be successful in its appeal.

The Group is also being investigated by the Commission and/or the US Department of Justice for potential violations of competition laws with respect to semiconductors, LCD products, cathode ray tubes (CRT) and heavy electrical equipment. In addition, individuals and corporations in the United States have filed class action lawsuits against the Group with respect to alleged anti-competitive behavior.

(6) Development of new products

It is critically important for the Group to offer the market viable and innovative new products and services. The Group identifies strategic products that will drive future profits, and defines strategic product areas to support through the timely introduction of successive products. However due to the rapid pace of technological innovation, the introduction of new technologies and products that replace current products, and changes in technology standards, the introduction to market of optimum new products may be delayed, and new products that are brought to market may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to assure sufficient funding and resources for continuous product development may affect the Group's ability to develop new products and services and to introduce them to the market.

(7) Investments in new business

The Group invests in companies involved in new businesses as well as developing its own new businesses. Many technological issues need to be resolved, and potential demand effectively discovered and captured, before a new line of business can become successful, and as such the progress and success of new businesses are uncertain. If any new business in which the Group invests or which the Group attempts to develop does not progress as planned, the Group may not recover the funds and resources it has spent, and this may adversely affect the Group. Mobile Broadcasting Corporation, a Toshiba consolidated subsidiary that operates a digital satellite broadcasting service, accounts for a significant loss, and any failure to make favorable progress in reforming its business may have an adverse effect on Group results.

(8) Success of joint ventures and other business alliances

A key strategy of the Group in many of its businesses is the formation of joint ventures and business alliances optimized for each business, in every area of the business, including research and development, production and marketing. If the Group experiences differences with a partner in a joint venture or business alliance, in respect of financing, technological management, product development or management strategies, such joint ventures or business alliances may be terminated.

(9) Global environment

The Group undertakes global business operations. Any changes in political, economic and social conditions, legal or regulatory changes and exchange rate fluctuations, in any region, may impact on market demand and the Group's business operations.

As the Group expands overseas production, particularly in Asia, any occurrence of terrorism or of epidemic illness, such as avian flu, could have a significant adverse effect on Group results.

(10)Natural disasters

Most of the Group's Japanese production facilities are located in the Keihin region, part of the capital region, while key semiconductor production facilities are located in Kyushu, Tokai, Hanshin and Tohoku. The Group expands overseas production, particularly in Asia. While the Group promotes measures such as earthquake-resistant buildings at production facilities, large-scale disasters, such as earthquakes or typhoons in regions with production sites, may damage or destroy production capabilities, cause operational and transportation interruptions, and affect production capabilities significantly.

(11) Measures against counterfeit products

While the Group protects and seeks to enhance the value of the Toshiba brand, lesser-quality counterfeit products created by third parties can be found worldwide, which may dilute the value of the Toshiba brand. Distribution of those counterfeit products may decrease the Group's net sales.

(12) Product quality claims

While the Group has instituted measures to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that all products are free of defects, or that such defects will not result in a large-scale recall, lawsuits or other claims relating to product quality.

(13) Information securities

The Group keeps and manages various personal information obtained through business operations. The Group also keeps various trade secrets regarding the Group's technology, marketing and other business operations. While the Group makes every effort to manage this information properly, an unanticipated leak of such information could occur, and it may be obtained and used illegally by a third party. In such circumstances, the Group's business performance and financial situation may be subject to negative influences.

Additionally, the role of information systems in the Group is critical to carrying out business activities. While the Group makes every effort to assure stable operation of its information systems, it is possible that their functionality could be impaired or destroyed by computer viruses, software or hardware failures, disaster, terrorism, and other factors.

(14) Procurement of components and materials

It is important for the Group's business activities to procure materials, components and other goods in a timely and proper manner. Procured goods include products whose suppliers are limited due to the product's particularity, and products that are difficult to replace. In cases of delay or other problems in receiving supply of such components and materials, shortages may occur or procurement costs may rise. Also, it is necessary to procure components and materials at competitive costs and to optimize the entire supply chain, including suppliers, in order for the Group to bring competitive products to market. Any failure by the Group to achieve proper cooperation with key suppliers may impact on the Group's competitiveness.

Any case of defective components and materials or failure to meet required specifications may also have an adverse effect on the reliability and reputation of the Group and Toshiba brand products.

(15) Securing human resources

The success of the Group's businesses depends in large part on securing excellent human resources in every business area and process, including product development, production, marketing and business management. Competition to secure human resources is intensifying, as the number of qualified personnel in each area and process is limited. Due to this, the Group may fail to retain existing employees or to obtain new human resources.

(16) Compliance and internal control

The Group is active in various businesses in various regions worldwide, and its business activities are subject to laws and regulations in each country or region. The Group puts in place appropriate internal control systems from perspectives that include assuring management effectiveness and efficiency, assuring the reliability of business and financial reports, compliance with laws and regulations, and risk management, and operates within those systems. However, by their nature, such internal control systems may themselves have limitations, and it is not possible to guarantee that they will fully achieve their objectives. Due to these inherent limitations, the Group cannot guarantee that there will never be any violation of laws and regulations. Changes in laws and regulations or changes in interpretations of laws and regulations by the authorities may also cause difficulty in achieving compliance with laws and regulations, or may result in increased compliance costs.

(17) Strategic concentrated investment

The Group makes strategic investments that concentrate on specific business areas, including NAND flash memory and nuclear power generation systems. While it is essential to allocate limited management resources to strategic, high growth areas and businesses in which the Group enjoys competitiveness, in order to secure and maintain the Group's advantages, the strategic businesses in which such investments are made may not generate profit commensurate with the investments.

(18) Protection of intellectual property rights

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

Also, the Group uses intellectual property from third parties, which the Group has acquired license to use. It may be possible that the Group fails to receive such third-party license for an essential intellectual property, or receives permission only on unfavorable terms.

It is also possible that the Group may have to file suit in order to protect its intellectual property rights, or that a suit for breach of intellectual property rights may be brought against the Group. Such lawsuits may require time, costs and other management resources, and, depending on the decision handed down, it may become impossible for the Group to use an important technology, or the Group may become liable for significant damages.

(19) Environment

In the Group's global business activities, various environmental laws, including laws on air pollution, water pollution, toxic substances, waste disposal, product recycling, prevention of global warming and energy policies, are in force around the world. While the Group pays careful attention to those laws and regulations, it may be possible that the Group discovers a legal or social liability for the environment, regardless of whether it is at fault or not, in past, present or future business activities. It may also be possible that, in future, the Group will be more strongly required to remove environmental hazards, including toxic substances, or to further reduce emissions of greenhouse gases, as a result of the introduction of more demanding environmental regulations or in accordance with societal requirements.

(20) Parent company's guarantee

When the Group's US subsidiaries, such as Westinghouse Electric Company, LLC or Toshiba International Corporation, accept orders for large projects, the Company, as the parent company, may provides guarantees regarding contracts, etc. Upon the request of the customers, these parent company's guarantees are required in accordance with ordinary business practice and are provided under the ordinary course of business to fulfill ordinary contractual obligations. However, should the relevant subsidiaries fail to fulfill contractual obligations, the Company may be obliged to bear any resulting compensation, resulting in a loss.

(21) Employee retirement benefit costs and obligations

The amount of the Group's employee retirement benefit costs and obligations are calculated on assumptions used in the relevant actuarial calculations. Those assumptions may change due to adverse economic or other factors, or planned returns on assets may be lower than anticipated.

(22) Financing environment

The Group has substantial amounts of interest-bearing debt for financing that is highly susceptible to the market environment, including interest rate movements and fund supply and demand. Changes in these factors may have an adverse effect on the Group's funding activities.

Toshiba Corporation and Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2008**	2007	**2008**
Current assets:			
Cash and cash equivalents	**¥ 248,649**	¥ 309,312	**$ 2,486,490**
Notes and accounts receivable, trade:			
Notes (Note 5)	**80,312**	106,395	**803,120**
Accounts (Note 5)	**1,253,108**	1,295,808	**12,531,080**
Allowance for doubtful notes and accounts	**(21,417)**	(30,599)	**(214,170)**
Inventories (Note 6)	**851,452**	801,513	**8,514,520**
Deferred tax assets (Note 16)	**148,531**	138,714	**1,485,310**
Other receivables	**166,622**	164,894	**1,666,220**
Prepaid expenses and other current assets	**202,125**	205,170	**2,021,250**
Total current assets	**2,929,382**	2,991,207	**29,293,820**
Long-term receivables and investments:			
Long-term receivables (Note 5)	**7,423**	19,329	**74,230**
Investments in and advances to affiliates (Note 7)	**321,166**	240,249	**3,211,660**
Marketable securities and other investments (Note 4)	**264,149**	250,536	**2,641,490**
Total long-term receivables and investments	**592,738**	510,114	**5,927,380**
Property, plant and equipment (Notes 9, 15 and 20)**:**			
Land	**128,210**	156,445	**1,282,100**
Buildings	**1,160,549**	1,146,350	**11,605,490**
Machinery and equipment	**2,598,042**	2,594,284	**25,980,420**
Construction in progress	**215,937**	104,612	**2,159,370**
	4,102,738	4,001,691	**41,027,380**
Less—Accumulated depreciation	**(2,770,560)**	(2,681,489)	**(27,705,600)**
Total property, plant and equipment	**1,332,178**	1,320,202	**13,321,780**
Goodwill and other intangible assets (Note 8)	**653,910**	746,720	**6,539,100**
Deferred tax assets (Note 16)	**285,757**	211,336	**2,857,570**
Other assets	**141,672**	152,383	**1,416,720**
Total assets	**¥5,935,637**	¥5,931,962	**$59,356,370**

The accompanying notes are an integral part of these statements..

Toshiba Corporation and Subsidiaries
As of March 31, 2008 and 2007

Liabilities and shareholders' equity	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 3) 2008
Current liabilities:			
Short-term borrowings (Note 9)	**¥ 257,831**	¥ 71,626	**$ 2,578,310**
Current portion of long-term debt (Notes 9 and 19)	**262,422**	130,703	**2,624,220**
Notes payable, trade	**55,870**	59,592	**558,700**
Accounts payable, trade	**1,168,389**	1,305,639	**11,683,890**
Accounts payable, other and accrued expenses (Note 24)	**516,046**	508,888	**5,160,460**
Accrued income and other taxes	**89,763**	77,625	**897,630**
Advance payments received	**248,280**	229,635	**2,482,800**
Other current liabilities (Notes 16 and 22)	**387,386**	427,583	**3,873,860**
Total current liabilities	**2,985,987**	2,811,291	**29,859,870**
Long-term liabilities:			
Long-term debt (Notes 9, 10 and 19)	**740,710**	956,156	**7,407,100**
Accrued pension and severance costs (Note 11)	**634,589**	540,216	**6,345,890**
Other liabilities (Note 16)	**182,175**	191,263	**1,821,750**
Total long-term liabilities	**1,557,474**	1,687,635	**15,574,740**
Minority interest in consolidated subsidiaries	**369,911**	324,715	**3,699,110**
Shareholders' equity (Notes 10 and 17)**:**			
Common stock:			
Authorized—10,000,000,000 shares			
Issued:			
2008—3,237,031,486 shares	**280,126**	—	**2,801,260**
2007—3,219,027,165 shares	**—**	274,926	**—**
Additional paid-in capital	**290,936**	285,765	**2,909,360**
Retained earnings	**774,461**	681,795	**7,744,610**
Accumulated other comprehensive loss	**(322,214)**	(131,228)	**(3,222,140)**
Treasury stock, at cost:			
2008—1,442,645 shares	**(1,044)**	—	**(10,440)**
2007—5,537,542 shares	**—**	(2,937)	**—**
Total shareholders' equity	**1,022,265**	1,108,321	**10,222,650**
Commitments and contingent liabilities (Notes 21, 22 and 23)			
Total liabilities and shareholders' equity	**¥5,935,637**	¥5,931,962	**$59,356,370**

Consolidated Statements of Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Sales and other income:			
Net sales	**¥7,668,076**	¥7,116,350	**$76,680,760**
Interest and dividends	**26,865**	24,375	**268,650**
Equity in earnings of affiliates (Note 7)	**28,023**	27,878	**280,230**
Other income (Notes 4, 5 and 14)	**212,839**	155,270	**2,128,390**
	7,935,803	7,323,873	**79,358,030**
Costs and expenses:			
Cost of sales (Notes 8, 12, 15, 20 and 24)	**5,759,840**	5,312,179	**57,598,400**
Selling, general and administrative (Notes 8, 12, 13 and 20)	**1,670,137**	1,545,807	**16,701,370**
Interest	**39,827**	31,934	**398,270**
Other expense (Notes 4, 5, 14 and 15)	**210,441**	135,493	**2,104,410**
	7,680,245	7,025,413	**76,802,450**
Income before income taxes and minority interest	**255,558**	298,460	**2,555,580**
Income taxes (Note 16)**:**			
Current	**102,745**	88,911	**1,027,450**
Deferred	**10,635**	56,444	**106,350**
	113,380	145,355	**1,133,800**
Income before minority interest	**142,178**	153,105	**1,421,780**
Minority interest in income of consolidated subsidiaries	**14,765**	15,676	**147,650**
Net income	**¥ 127,413**	¥ 137,429	**$ 1,274,130**

	Yen		U.S. dollars (Note 3)
Basic net income per share (Note 18)	**¥ 39.46**	¥ 42.76	**$ 0.39**
Diluted net income per share (Note 18)	**¥ 36.59**	¥ 39.45	**$ 0.37**
Cash dividends per share (Note 17)	**¥ 12.00**	¥ 11.00	**$ 0.12**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at March 31, 2006	¥ 274,926	¥ 285,743	¥ 570,080	¥ (126,509)	¥ (2,075)	¥ 1,002,165
Comprehensive income (loss):						
Net income			137,429			137,429
Other comprehensive income (loss), net of tax (Note 17):						
Net unrealized gains and losses on securities (Note 4)				23,555		23,555
Foreign currency translation adjustments				10,081		10,081
Minimum pension liability adjustment (Note 11)				4,214		4,214
Net unrealized gains and losses on derivative instruments				412		412
Comprehensive income						175,691
Adjustment to initially apply SFAS 158, net of tax (Note 11)				(42,981)		(42,981)
Dividends			(25,714)			(25,714)
Purchase of treasury stock, net, at cost		22			(862)	(840)
Balance at March 31, 2007	274,926	285,765	681,795	(131,228)	(2,937)	1,108,321
Comprehensive income (loss):						
Net income			**127,413**			**127,413**
Other comprehensive income (loss), net of tax (Note 17):						
Net unrealized gains and losses on securities (Note 4)				**(27,340)**		**(27,340)**
Foreign currency translation adjustments				**(95,614)**		**(95,614)**
Pension liability adjustment (Note 11)				**(66,721)**		**(66,721)**
Net unrealized gains and losses on derivative instruments				**(1,311)**		**(1,311)**
Comprehensive loss						**(63,573)**
Adjustment to initially apply FIN 48 (Note 16)			**5,555**			**5,555**
Dividends			**(40,302)**			**(40,302)**
Conversion of convertible bonds (Note 10)	**5,200**	**5,200**				**10,400**
Purchase of treasury stock, net, at cost		**(29)**			**1,893**	**1,864**
Balance at March 31, 2008	**¥ 280,126**	**¥ 290,936**	**¥ 774,461**	**¥ (322,214)**	**¥ (1,044)**	**¥ 1,022,265**

	Thousands of U.S. dollars (Note 3)					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at March 31, 2007	$2,749,260	$2,857,650	$6,817,950	$ (1,312,280)	$(29,370)	$11,083,210
Comprehensive income (loss):						
Net income			**1,274,130**			**1,274,130**
Other comprehensive income (loss), net of tax (Note 17):						
Net unrealized gains and losses on securities (Note 4)				**(273,400)**		**(273,400)**
Foreign currency translation adjustments				**(956,140)**		**(956,140)**
Pension liability adjustment (Note 11)				**(667,210)**		**(667,210)**
Net unrealized gains and losses on derivative instruments				**(13,110)**		**(13,110)**
Comprehensive loss						**(635,730)**
Adjustment to initially apply FIN 48 (Note 16)			**55,550**			**55,550**
Dividends			**(403,020)**			**(403,020)**
Conversion of convertible bonds (Note 10)	**52,000**	**52,000**				**104,000**
Purchase of treasury stock, net, at cost		**(290)**			**18,930**	**18,640**
Balance at March 31, 2008	**$2,801,260**	**$2,909,360**	**$7,744,610**	**$ (3,222,140)**	**$(10,440)**	**$10,222,650**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Cash flows from operating activities			
Net income	**¥ 127,413**	¥ 137,429	**$ 1,274,130**
Adjustments to reconcile net income to net cash provided by operating activities—			
Depreciation and amortization	**380,160**	292,875	**3,801,600**
Provisions for pension and severance costs, less payments	**(19,035)**	(22,720)	**(190,350)**
Deferred income tax provision	**10,635**	56,444	**106,350**
Equity in earnings of affiliates, net of dividends	**(13,340)**	(12,579)	**(133,400)**
Gain from sales, disposal and impairment of property, plant and equipment, net	**(127,093)**	(16,447)	**(1,270,930)**
Gain from sales and impairment of securities and other investments, net	**(19,276)**	(62,969)	**(192,760)**
Minority interest in income of consolidated subsidiaries	**14,765**	15,676	**147,650**
(Increase) decrease in notes and accounts receivable, trade	**29,138**	(51,620)	**291,380**
Increase in inventories	**(64,688)**	(82,926)	**(646,880)**
Increase (decrease) in notes and accounts payable, trade	**(115,047)**	220,619	**(1,150,470)**
Increase in accrued income and other taxes	**18,283**	23,353	**182,830**
Increase in advance payments received	**47,617**	29,459	**476,170**
Other	**(22,404)**	34,880	**(224,040)**
Net cash provided by operating activities	**247,128**	561,474	**2,471,280**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**212,064**	112,015	**2,120,640**
Proceeds from sale of securities	**2,805**	9,586	**28,050**
Acquisition of property, plant and equipment	**(407,692)**	(376,707)	**(4,076,920)**
Purchase of securities	**(82,898)**	(13,508)	**(828,980)**
(Increase) decrease in investments in affiliates	**(41,367)**	51,044	**(413,670)**
Acquisition of Westinghouse, net of cash acquired	**—**	(461,338)	**—**
Other	**(5,614)**	(33,874)	**(56,140)**
Net cash used in investing activities	**(322,702)**	(712,782)	**(3,227,020)**
Cash flows from financing activities			
Proceeds from long-term debt	**190,524**	467,717	**1,905,240**
Repayment of long-term debt	**(283,013)**	(199,570)	**(2,830,130)**
Increase (decrease) in short-term borrowings, net	**187,321**	(81,305)	**1,873,210**
Dividends paid	**(46,406)**	(30,431)	**(464,060)**
Repurchase of subsidiary common stock	**(715)**	(829)	**(7,150)**
Purchase of treasury stock, net	**(1,138)**	(841)	**(11,380)**
Other	**—**	55	**—**
Net cash provided by financing activities	**46,573**	154,796	**465,730**
Effect of exchange rate changes on cash and cash equivalents	**(31,662)**	34,903	**(316,620)**
Net increase (decrease) in cash and cash equivalents	**(60,663)**	38,391	**(606,630)**
Cash and cash equivalents at beginning of year	**309,312**	270,921	**3,093,120**
Cash and cash equivalents at end of year	**¥ 248,649**	¥ 309,312	**$ 2,486,490**
Supplemental disclosure of cash flow information			
Cash paid during the year for—			
Interest	**¥ 40,356**	¥ 30,892	**$ 403,560**
Income taxes	**107,431**	59,272	**1,074,310**
Non-cash financing activities—			
Conversion of convertible bonds	**13,260**	—	**132,600**

The accompanying notes are an integral part of these statements.

1. DESCRIPTION OF BUSINESS

Toshiba Corporation and its subsidiaries (collectively, the "Company") are engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which span (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances, and (5)Others. For the year ended March 31, 2008, sales of Digital Products represented the most significant portion of the Company's total sales or approximately 36 percent. Social Infrastructure represented approximately 29 percent, Electronic Devices approximately 21 percent, and Home Appliances approximately 9 percent of the Company's total sales. The Company's products were manufactured and marketed throughout the world with approximately 48 percent of its sales in Japan and the remainder in Asia, North America, Europe and other parts of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PREPARATION OF FINANCIAL STATEMENTS

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

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

BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements of the Company include the accounts of Toshiba Corporation, its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Company is the primary beneficiary under Financial Accounting Standards Board ("FASB") Interpretation No.46 as revised in December 2003, *Consolidation of Variable Interest Entities, an Interpretation of ARB No.51* ("FIN 46R"). All significant intercompany transactions and accounts are eliminated in consolidation.

Investments in affiliates in which the ability to exercise significant influence exists are accounted for under the equity method of accounting. The Company eliminates unrealized intercompany profits in determining its equity in the current net earnings (losses) of such companies.

USE OF ESTIMATES

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

CASH EQUIVALENTS

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

FOREIGN CURRENCY TRANSLATION

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

ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

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

MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

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

INVENTORIES

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment associated with domestic operations has been computed generally by the declining-balance method. Depreciation for property, plant and equipment for foreign subsidiaries has been generally computed using the straight line method.

Effective April 1, 2007, Toshiba Corporation and its domestic subsidiaries changed the method of calculating depreciation of machinery, equipment and other fixed assets, from the fixed-percentage-on declining base application to the 250% declining-balance method with estimated residual value reduced to a nominal value. Based on the results of analysis of the revenues associated with the depreciation expenses of machinery, equipment, other assets and the estimated residual value, the Company believes that the 250% declining-balance method, which makes cost allocation of machinery, equipment and other assets, more properly, is preferable. This change in depreciation is a change in accounting estimate effected by a change in accounting principle in accordance with SFAS No.154, *Accounting Changes and Error Corrections - a replacement of APB Opinion No.20 and FASB Statement No.3*. Therefore, this change in the depreciation method will impact on financial results on and after April 1, 2007. Income before income taxes and minority interest and net income respectively decreased ¥76,519 million ($765,190 thousand) and ¥44,730 million ($447,300 thousand), respectively compared with the figures under the previous method. Basic net income per share and diluted net income per share also declined ¥13.85 ($0.14) and ¥12.84 ($0.13), respectively.

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

IMPAIRMENT OF LONG-LIVED ASSETS

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

GOODWILL AND OTHER INTANGIBLE ASSETS

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

ENVIRONMENTAL LIABILITIES

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

INCOME TAXES

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

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

ACCRUED PENSION AND SEVERANCE COSTS

The Company has various retirement benefit plans covering substantially all employees. The unrecognized net obligation existing at initial application of Statement of Financial Accounting Standards ("SFAS") No. 87, *Employers' Accounting for Pensions*, and prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial gains and losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of employees expected to receive benefits.

NET INCOME PER SHARE

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.

REVENUE RECOGNITION

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

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

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

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

Revenue from arrangements with multiple elements, which may include any combination of products, equipment, installment and maintenance, is allocated to each element based on its relative fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in the Emerging Issues Task Force Issue 00-21, *Revenue Arrangements with Multiple Deliverables*. Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

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

SHIPPING AND HANDLING COSTS

The Company includes shipping and handling costs which totaled ¥95,602 million ($956,020 thousand) and ¥90,647 million for the years ended March 31, 2008 and 2007, respectively in selling, general and administrative expenses.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements, and currency options for the purpose of currency exchange rate and interest rate risk management. Refer to Note 19 for descriptions of these financial instruments.

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

SALES OF RECEIVABLES

The Company enters into transactions to sell certain trade notes receivable and trade accounts receivable. The Company may retain certain interests in these transactions. Gain or loss on the sale of receivables is computed based on the allocated carrying amount of the receivables sold. Retained interests are recorded at the allocated carrying amount of the assets based on their relative fair values at the date of sale. The Company estimates fair value based on the present value of future expected cash flows less credit losses.

GUARANTEES

The Company recognizes, at the inception of a guarantee, a liability for the fair value of the obligation it has undertaken in issuing guarantees for guarantees issued or modified after December 31, 2002.

ASSET RETIREMENT OBLIGATIONS

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

RECENT PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 shall be effective for fiscal years beginning after November 15, 2007, and is required to be adopted by the Company in the fiscal year beginning April 1, 2008. In February 2008, the FASB issued Staff Position No. FAS157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* and No. FAS157-2, *Effective Date of FASB Statement No. 157*, which partially delay the effective date of SFAS 157 for one year for certain nonfinancial assets and liabilities and remove certain leasing transactions from its scope. The Company is currently evaluating the impact of adoption of SFAS 157.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including, an amendment of FASB Statement No. 115* ("SFAS 159"). SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007, and is required to be adopted by the Company in the fiscal year beginning April 1, 2008. The Company is currently evaluating the impact of adoption of SFAS 159.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS 141R also requires to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008, and is required to be adopted by the Company in the fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of adoption of SFAS 141R on the Company's financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary, and to measure at fair value of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also requires to disclose that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008, and is required to be adopted by the Company in the fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of adoption of SFAS 160 on the Company's financial position and results of operations.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities including (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, and is required to be adopted by the Company in the fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of SFAS 161 on its footnote disclosures related to its combined results of operations and financial condition of the Company.

RECLASSIFICATIONS

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

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥100=U.S.$1, the approximate current rate of exchange at March 31, 2008, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities classified as available-for-sale securities by security type at March 31, 2008 and 2007 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2008:				
Equity securities	**¥ 120,380**	**¥ 104,205**	**¥ 5,847**	**¥ 218,738**
Debt securities	**3,515**	**0**	**0**	**3,515**
	¥ 123,895	**¥ 104,205**	**¥ 5,847**	**¥ 222,253**
March 31, 2007:				
Equity securities	¥ 60,483	¥ 141,059	¥ 1,353	¥ 200,189
Debt securities	3,533	0	0	3,533
	¥ 64,016	¥ 141,059	¥ 1,353	¥ 203,722

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2008:				
Equity securities	**$ 1,203,800**	**$ 1,042,050**	**$ 58,470**	**$ 2,187,380**
Debt securities	**35,150**	**0**	**0**	**35,150**
	$ 1,238,950	**$ 1,042,050**	**$ 58,470**	**$ 2,222,530**

At March 31, 2008, debt securities mainly consisted of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2008:	Cost	Fair value	Cost	Fair value
Due within one year	**¥ 0**	**¥ 0**	**$ 0**	**$ 0**
Due after one year within five years	**3,515**	**3,515**	**35,150**	**35,150**
	¥ 3,515	**¥ 3,515**	**$ 35,150**	**$ 35,150**

The proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥175 million ($1,750 thousand) and ¥1,451 million, respectively. The gross realized gains on those sales for the years ended March 31, 2008 and 2007 were ¥49 million ($490 thousand) and ¥615 million, respectively. The gross realized losses on those sales for the years ended March 31, 2008 and 2007 were ¥217 million ($2,170 thousand) and ¥82 million, respectively.

Included in other expense are charges of ¥13,379 million ($133,790 thousand) and ¥1,596 million related to other-than-temporary declines in the marketable and non-marketable equity securities for the years ended March 31, 2008 and 2007, respectively.

At March 31, 2008, the cost and fair value of available-for-sale securities in an unrealized loss position over 12 consecutive months were not significant.

Aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥41,075 million ($410,750 thousand) and ¥45,741 million at March 31, 2008 and 2007, respectively. At March 31, 2008, investments with an aggregate cost of ¥39,737 million ($397,370 thousand) were not evaluated for impairment because (a)the Company did not estimate the fair values of those investments as it was not practicable to estimate the fair value of the investment and (b)the Company did not identify any events or changes in circumstances that might have had significant adverse effects on the fair values of those investments.

5. SECURITIZATIONS

The Company has transferred certain trade notes receivable and trade accounts receivable under several securitization programs. These securitization transactions are accounted for as a sale in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of FASB Statement 125*, because the Company has relinquished control of the receivables. Accordingly, the receivables sold under these facilities are excluded from the accompanying consolidated balance sheets.

Upon the sale of receivables, the Company holds subordinated retained interests for certain trade notes receivable and trade accounts receivable. A portion of these receivables, where the Company holds subordinated retained interests, is not taken off the balance sheet and is recorded at their fair value. Such carrying amount is adjusted to reflect the portion that is not expected to be collectible. As of March 31, 2008 and 2007, the fair values of retained interests were ¥40,566 million ($405,660 thousand) and ¥48,204 million, respectively. The Company recognized losses of ¥3,283 million ($32,830 thousand) and ¥3,470 million on the securitizations of receivables for the years ended March 31, 2008 and 2007, respectively.

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Proceeds from new securitizations	**¥956,759**	¥1,174,438	**$9,567,590**
Servicing fees received	**474**	567	**4,740**
Cash flows received on retained interests	**168,446**	76,422	**1,684,460**
Purchases of delinquent and foreclosed receivables	**972**	564	**9,720**

At March 31, 2008, the assumed weighted-average life and residual cash flow discount rate used to compute the fair value of retained interests were 0.18 years and 3.64 percent, respectively.

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				Year ended March 31	
	2008	2007	**2008**	2007	**2008**	2007
Accounts receivable	**¥1,475,252**	¥1,537,190	**¥27,122**	¥24,493	**¥5,102**	¥4,569
Notes receivable	**167,567**	203,682	**51**	70	**356**	356
Total managed portfolio	**1,642,819**	1,740,872	**¥27,173**	¥24,563	**¥5,458**	¥4,925
Securitized receivables	**(301,976)**	(319,340)				
Total receivables	**¥1,340,843**	¥1,421,532				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2008		Year ended March 31, 2008
Accounts receivable	**$14,752,520**	**$271,220**	**$51,020**
Notes receivable	**1,675,670**	**510**	**3,560**
Total managed portfolio	**16,428,190**	**$271,730**	**$54,580**
Securitized receivables	**(3,019,760)**		
Total receivables	**$13,408,430**		

6. INVENTORIES

Inventories consist of the following:

March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Finished products	**¥306,601**	¥319,982	**$3,066,010**
Work in process:			
Long-term contracts	**94,251**	94,121	**942,510**
Other	**274,739**	243,588	**2,747,390**
Raw materials	**175,861**	143,822	**1,758,610**
	¥851,452	¥801,513	**$8,514,520**

7. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company's significant investments in affiliated companies accounted for by the equity method together with the percentage of the Company's ownership of voting shares at March 31, 2008 were: Topcon Corporation (35.5%); Toshiba Machine Co., Ltd. (21.4%); Toshiba Finance Corporation ("TFC") (35.0%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); and Semp Toshiba Amazonas S.A. (40.0%).

Of the affiliates which were accounted for by the equity method, the investments in common stock of the listed companies were carried at ¥48,596 million ($485,960 thousand) and ¥50,576 million at March 31, 2008 (5 companies) and 2007 (4 companies), respectively. The Company's investments in these companies had market values of ¥60,357 million ($603,570 thousand) and ¥141,378 million at March 31, 2008 and 2007, respectively, based on quoted market prices at those dates.

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

March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Current assets	**¥1,288,502**	¥1,266,067	**$12,885,020**
Other assets including property, plant and equipment	**1,077,066**	953,224	**10,770,660**
Total assets	**¥2,365,568**	¥2,219,291	**$23,655,680**
Current liabilities	**¥1,181,753**	¥1,158,622	**$11,817,530**
Long-term liabilities	**575,440**	466,049	**5,754,400**
Shareholders' equity	**608,375**	594,620	**6,083,750**
Total liabilities and shareholders' equity	**¥2,365,568**	¥2,219,291	**$23,655,680**

Year ended March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Sales	**¥2,220,466**	¥1,783,737	**$22,204,660**
Net income	**71,407**	29,503	**714,070**

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

Year ended March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Sales	**¥190,154**	¥154,836	**$1,901,540**
Purchases	**184,823**	131,066	**1,848,230**
Dividends	**13,977**	18,036	**139,770**

March 31	Millions of yen 2008	2007	Thousands of U.S. dollars 2008
Notes and accounts receivable, trade	**¥ 40,649**	¥ 46,642	**$ 406,490**
Other receivables	**13,005**	16,875	**130,050**
Long-term loans receivable	**76,250**	12,550	**762,500**
Notes and accounts payable, trade	**128,205**	182,748	**1,282,050**
Other payables	**38,869**	53,388	**388,690**
Capital lease obligations	**42,371**	39,999	**423,710**

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company tested goodwill for impairment under SFAS No.142, *Goodwill and Other Intangible Assets*, applying a fair value-based test and has concluded that there was no impairment as of March 31, 2008 and 2007.

The components of acquired intangible assets excluding goodwill at March 31, 2008 and 2007 are as follows:

	Millions of yen		
March 31, 2008	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**¥164,152**	**¥102,561**	**¥ 61,591**
Technical license fees	**57,154**	**23,123**	**34,031**
Core and current technology	**144,374**	**9,760**	**134,614**
Other	**70,172**	**28,089**	**42,083**
Total	**¥435,852**	**¥163,533**	**272,319**
Other intangible assets not subject to amortization:			
Brand name			**42,080**
Other			**10,959**
Total			**53,039**
			¥325,358

	Millions of yen		
March 31, 2007	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 163,344	¥ 102,599	¥ 60,745
Technical license fees	83,499	33,423	50,076
Core and current technology	172,162	3,801	168,361
Other	59,452	14,950	44,502
Total	¥ 478,457	¥ 154,773	323,684
Other intangible assets not subject to amortization:			
Brand name			49,581
Other			4,918
Total			54,499
			¥ 378,183

March 31, 2008	Thousands of U.S. dollars Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**$1,641,520**	**$1,025,610**	**$ 615,910**
Technical license fees	**571,540**	**231,230**	**340,310**
Core and current technology	**1,443,740**	**97,600**	**1,346,140**
Other	**701,720**	**280,890**	**420,830**
Total	**$4,358,520**	**$1,635,330**	**2,723,190**
Other intangible assets not subject to amortization:			
Brand name			**420,800**
Other			**109,590**
Total			**530,390**
			$ 3,253,580

Intangible assets acquired during the year ended March 31, 2008 primarily consisted of software of ¥23,829 million ($238,290 thousand) and goodwill of ¥11,011 million ($110,110 thousand). The weighted-average amortization period of software for the year ended March 31, 2008 was approximately 5.0 years.

The weighted-average amortization periods for other intangible assets were approximately 10.3 years and 15.2 years for the years ended March 31, 2008 and 2007, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2008 and 2007 were ¥44,436 million ($444,360 thousand) and ¥42,376 million, respectively. The future amortization expense for each of the next 5 years relating to intangible assets currently recorded in the consolidated balance sheets at March 31, 2008 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥39,590	$395,900
2010	33,021	330,210
2011	27,982	279,820
2012	21,537	215,370
2013	15,568	155,680

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Balance at beginning of year	**¥368,537**	¥ 24,191	**$3,685,370**
Goodwill acquired during the year	**11,011**	350,785	**110,110**
Price adjustment and purchase price allocation	**1,277**	—	**12,770**
Foreign currency translation adjustments	**(52,273)**	(6,439)	**(522,730)**
Balance at end of year	**¥328,552**	¥368,537	**$3,285,520**

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2008 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Loans, principally from banks, including bank overdrafts, with weighted-average interest rate of 2.68% at March 31, 2008 and 4.37% at March 31, 2007:			
Secured	**¥ 29**	¥ —	**$ 290**
Unsecured	**113,529**	53,532	**1,135,290**
Commercial paper with weighted-average interest rate of 0.69% at March 31, 2008	**132,000**	—	**1,320,000**
Euro yen medium-term notes of a subsidiary, with weighted-average interest rate of 0.97% at March 31, 2008 and 0.60% at March 31, 2007	**12,273**	14,945	**122,730**
Euro Hong Kong dollar medium-term note of a subsidiary, with interest rate of 5.00% at March 31, 2007	**—**	3,149	**—**
	¥ 257,831	¥ 71,626	**$ 2,578,310**

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

At March 31, 2008, the Company had unused committed lines of credit from short-term financing arrangements aggregating ¥347,219 million ($3,472,190 thousand), of which ¥10,019 million ($100,190 thousand) was in support of the Company's commercial paper. The lines of credit expire on various dates from April 2008 through March 2009. Under the agreements, the Company is required to pay commitment fees ranging from 0.080 percent to 0.550 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2008 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Loans, principally from banks and insurance companies, due 2008 to 2029 with weighted-average interest rate of 1.29% at March 31, 2008 and due 2007 to 2029 with weighted-average interest rate of 1.18% at March 31, 2007:			
Secured	**¥ 4,268**	¥ 5,102	**$ 42,680**
Unsecured	**532,352**	525,815	**5,323,520**
Unsecured yen bonds, due 2008 to 2016 with interest ranging from 1.08% to 2.300% at March 31, 2008 and due 2007 to 2016 with interest ranging from 1.08% to 3.025% at March 31, 2007	**213,307**	290,934	**2,133,070**
Zero Coupon Convertible Bonds with stock acquisition rights:			
Due 2009 convertible currently at ¥587 per share	**41,430**	50,000	**414,300**
Due 2011 convertible currently at ¥542 per share	**95,310**	100,000	**953,100**
Euro yen medium-term notes, due 2008 with interest rate of 2.34% at March 31, 2008 and due 2007 to 2008 with interest ranging from 0.78% to 2.34% at March 31, 2007	**1,000**	3,000	**10,000**
Euro yen medium-term notes of subsidiaries, due 2008 to 2015 with interest ranging from 0.77% to 2.60% at March 31, 2008 and due 2007 to 2015 with interest ranging from 0.61% to 2.60% at March 31, 2007	**58,881**	69,301	**588,810**
Euro medium-term note of a subsidiary, due 2008 with interest rate of 4.41% at March 31, 2008	**7,938**	—	**79,380**
Capital lease obligations	**48,646**	42,707	**486,460**
	1,003,132	1,086,859	**10,031,320**
Less-Portion due within one year	**(262,422)**	(130,703)	**(2,624,220)**
	¥ 740,710	¥ 956,156	**$ 7,407,100**

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

Assets pledged as collateral for long-term debt at March 31, 2008 were property, plant and equipment with a book value of ¥11,749 million ($117,490 thousand).

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

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥246,675	$2,466,750
2010	227,674	2,276,740
2011	177,452	1,774,520
2012	116,731	1,167,310
2013	126,051	1,260,510
Thereafter	59,903	599,030
	¥954,486	$9,544,860

10. ISSUANCE OF CONVERTIBLE BOND

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

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

The initial conversion prices are ¥587 per share (in the case of the 2009 Bonds) and ¥542 (in the case of the 2011 Bonds), subject to adjustment for certain events such as a stock split, consolidation of stock or issuance of stock at a consideration per share which is less than the current market price.

(Conditions allowing exercise of stock acquisition rights)

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

The 2009 Bonds and the 2011 Bonds were converted into 14,599,654 shares and 8,653,128 shares of common stock for the year ended March 31, 2008. In accordance with the Corporation Law of Japan, the issuance of common stock in connection with the conversion of convertible bonds is accounted for by crediting one-half or more of the conversion price to the common stock and the remainder to the additional paid-in capital.

The additional 70,579,221 shares and 175,848,717 shares relating to the potential conversion of the 2009 Bonds and the 2011 Bonds were included in the diluted net income per share calculations for the year ended March 31, 2008 and 2007.

11. ACCRUED PENSION AND SEVERANCE COSTS

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

Certain subsidiaries in Japan have tax-qualified non-contributory pension plans which cover all or a part of the indemnities payable to qualified employees at the time of termination. The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

The Company uses a March 31 measurement date for the majority of its plans.

On March 31, 2007, the Company adopted SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("SFAS 158"). SFAS 158 required the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the benefit obligations) of its pension plan in the March 31, 2007 statement of financial position, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. The adjustment to accumulated other comprehensive income (loss) at adoption represents the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligation remaining from the initial adoption of SFAS 87, all of which were previously accounted for pursuant to the provisions of SFAS 87. These amounts will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income (loss) at adoption of SFAS 158.

The changes in the benefit obligation and plan assets for the years ended March 31, 2008 and 2007 and the funded status at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥1,453,820**	¥ 1,349,768	**$ 14,538,200**
Service cost	**53,038**	48,651	**530,380**
Interest cost	**38,190**	33,983	**381,900**
Plan participants' contributions	**4,221**	2,659	**42,210**
Plan amendments	**9,760**	15,179	**97,600**
Actuarial loss (gain)	**(10,001)**	3,348	**(100,010)**
Benefits paid	**(70,710)**	(63,454)	**(707,100)**
Acquisitions and divestitures	**—**	61,900	**—**
Foreign currency exchange impact	**(14,983)**	1,786	**(149,830)**
Benefit obligation at end of year	**¥1,463,335**	¥ 1,453,820	**$ 14,633,350**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 911,649**	¥ 811,301	**$ 9,116,490**
Actual return on plan assets	**(93,882)**	34,113	**(938,820)**
Employer contributions	**60,918**	62,925	**609,180**
Plan participants' contributions	**4,221**	2,659	**42,210**
Benefits paid	**(43,454)**	(35,819)	**(434,540)**
Acquisitions and divestitures	**—**	34,891	**—**
Foreign currency exchange impact	**(10,995)**	1,579	**(109,950)**
Fair value of plan assets at end of year	**¥ 828,457**	¥ 911,649	**$ 8,284,570**
Funded status	**¥ (634,878)**	¥ (542,171)	**$ (6,348,780)**

Amounts recognized in the consolidated balance sheet at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Other assets	**¥ 1,042**	¥ —	**$ 10,420**
Other current liabilities	**(1,331)**	(1,955)	**(13,310)**
Accrued pension and severance costs	**(634,589)**	(540,216)	**(6,345,890)**
	¥ (634,878)	¥ (542,171)	**$ (6,348,780)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Unrecognized actuarial loss	**¥475,515**	¥375,994	**$4,755,150**
Unrecognized prior service cost	**(28,179)**	(40,619)	**(281,790)**
	¥447,336	¥335,375	**$4,473,360**

The accumulated benefit obligation at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Accumulated benefit obligation	**¥1,377,086**	¥1,370,898	**$13,770,860**

The components of the net periodic pension and severance cost for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Service cost — benefits earned during the year	**¥ 53,038**	¥ 48,651	**$ 530,380**
Interest cost on projected benefit obligation	**38,190**	33,983	**381,900**
Expected return on plan assets	**(34,323)**	(27,590)	**(343,230)**
Amortization of prior service cost	**(2,803)**	(3,766)	**(28,030)**
Recognized actuarial loss	**16,089**	17,981	**160,890**
Net periodic pension and severance cost	**¥ 70,191**	¥ 69,259	**$ 701,910**

Other changes in plan assets and benefit obligation recognized in the other comprehensive loss for the year ended March 31, 2008 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ended March 31	**2008**	**2008**
Current year actuarial loss	**¥118,204**	**$ 1,182,040**
Recognized actuarial loss	**(16,089)**	**(160,890)**
Prior service cost due to plan amendments	**9,760**	**97,600**
Amortization of prior service cost	**2,803**	**28,030**
	¥114,678	**$ 1,146,780**

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

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2009	2009
Prior service cost	¥ (2,115)	$ (21,150)
Actuarial loss	21,844	218,440

The Company expects to contribute ¥58,415 million ($584,150 thousand) to its defined benefit plans in the year ending March 31, 2009.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 69,341	$ 693,410
2010	73,477	734,770
2011	74,767	747,670
2012	83,247	832,470
2013	82,147	821,470
2014 - 2018	424,780	4,247,800

Weighted-average assumptions used to determine benefit obligations as of March 31, 2008 and 2007 and net periodic pension and severance cost for the years then ended are as follows:

March 31	2008	2007
Discount rate	**2.8%**	2.5%
Rate of compensation increase	**3.0%**	3.0%

Year ended March 31	2008	2007
Discount rate	**2.5%**	2.5%
Expected long-term rate of return on plan assets	**3.9%**	4.0%
Rate of compensation increase	**3.0%**	3.0%

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

The Company's pension and severance plan asset allocations at March 31, 2008 and 2007, by asset category are as follows:

March 31	2008	2007
Asset category :		
Equity securities	**50%**	55%
Debt securities	**31%**	27%
Life insurance company general accounts	**2%**	2%
Other	**17%**	16%
Total	**100%**	100%

The other category includes hedge funds and real estate.

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

Certain of the Company's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits have no material impact on the consolidated financial statements of the Company.

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥393,293 million ($3,932,930 thousand) and ¥393,987 million for the years ended March 31, 2008 and 2007, respectively.

13. ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs amounted to ¥53,201 million ($532,010 thousand) and ¥49,230 million for the years ended March 31, 2008 and 2007, respectively.

14. OTHER INCOMES AND OTHER EXPENSE

FOREIGN EXCHANGE GAINS AND LOSSES

For the years ended March 31, 2008 and 2007, the net foreign exchange impacts were ¥16,861 million ($168,610 thousand) loss and ¥14,639 million gain, respectively.

GAINS ON SALES OF SECURITIES

The gains on sales of securities for the years ended March 31, 2008 and 2007 were ¥33,953 million ($339,530 thousand) and ¥63,074 million, respectively. For the year ended March 31, 2008, the gains on sales of securities were related mainly to Toshiba-EMI Limited and Toshiba Machine Co., Ltd.. For the year ended March 31, 2007, the gains on sales of securities were related mainly to GE Toshiba Silicones Co., Ltd. and Toshiba Ceramics Co., Ltd..

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2008 and 2007, the sale and disposal of fixed assets resulted in net gains of ¥132,725 million ($1,327,250 thousand) and ¥25,062 million, respectively. Gains on sales of fixed assets were ¥144,716 million ($1,447,160 thousand), and losses on disposal of fixed assets were ¥11,991 million ($119,910 thousand) for the year ended March 31, 2008. The gains on sales of fixed assets were related mainly to the Ginza Toshiba Building and the land sale. Gains on sales of fixed assets were ¥40,137 million, and losses on disposal of fixed assets were ¥15,075 million for the year ended March 31, 2007.

WITHDRAWAL FROM HD DVD BUSINESS

In response to the major changes observed in the business environment since the beginning of 2008, the Company decided to withdraw from the HD DVD business after conducting an overall assessment of the future business strategy. The Company will continue market conventional DVD players and recorders, and accordingly there was no separate financial reporting for the HD DVD business.

The Company anticipates that substantially all of the liabilities associated with the withdrawal from HD DVD business were paid during the year ended March 31, 2008.

The major type of costs associated with the withdrawal from HD DVD business for the year ended March 31, 2008 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ended March 31	**2008**	**2008**
Impairment losses of fixed assets	**¥ 5,094**	**$ 50,940**
Impairment losses of other long-lived assets	**11,614**	**116,140**
Losses on disposal or write-off of inventories	**25,112**	**251,120**
Other	**6,508**	**65,080**
Total	**¥48,328**	**$483,280**

CHANGE IN THE METHOD OF DEPRECIATION

Effective April 1, 2007, Toshiba Corporation and its domestic subsidiaries changed the method of calculating depreciation of machinery, equipment and other fixed assets, from the fixed-percentage-on declining base application to the 250% declining-balance method with estimated residual value reduced to a nominal value. For the year ended March 31, 2008, ¥46,648 million ($466,480 thousand), the part of the effect, is included under other expense.

15. IMPAIRMENT OF LONG-LIVED ASSETS

The Company recorded impairment charges of ¥16,959 million ($169,590 thousand) related primarily to the costs associated with the withdrawal from HD DVD business for the year ended March 31, 2008, and ¥8,616 million related primarily to the manufacturing facilities of the Digital Products division for the year ended March 31, 2007.

For the years ended March 31, 2008 and 2007, these impairment charges related to HD DVD are included mainly under other expense, and the other impairment charges are included in cost of sales in the accompanying consolidated statements of income.

16. INCOME TAXES

The Company is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 40.7 percent for the years ended March 31, 2008 and 2007.

A reconciliation between the reported income tax expense and the amount computed by multiplying the income before income taxes and minority interest by the applicable statutory tax rate is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Expected income tax expense	**¥104,012**	¥121,473	**$1,040,120**
Increase (decrease) in taxes resulting from:			
Tax credits	**(15,209)**	(14,883)	**(152,090)**
Non-deductible expenses for tax purposes	**3,274**	3,121	**32,740**
Dividends	**8,877**	12,758	**88,770**
Net changes in valuation allowance	**19,241**	17,100	**192,410**
Effect of income tax rate change	**(2,376)**	—	**(23,760)**
Other	**(4,439)**	5,786	**(44,390)**
Income tax expense	**¥113,380**	¥145,355	**$1,133,800**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Gross deferred tax assets:			
Inventories	**¥ 33,104**	¥ 22,856	**$ 331,040**
Accrued pension and severance costs	**106,125**	113,229	**1,061,250**
Tax loss carryforwards	**108,324**	104,038	**1,083,240**
Pension liability adjustment	**183,240**	134,556	**1,832,400**
Accrued expenses	**122,014**	135,958	**1,220,140**
Depreciation and amortization	**62,807**	47,521	**628,070**
Other	**96,251**	91,321	**962,510**
	711,865	649,479	**7,118,650**
Valuation allowance for deferred tax assets	**(113,869)**	(97,843)	**(1,138,690)**
Deferred tax assets	**¥ 597,996**	¥ 551,636	**$ 5,979,960**

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Gross deferred tax liabilities:			
Property, plant and equipment	**¥ (38,175)**	¥ (60,287)	**$ (381,750)**
Unrealized gains on securities	**(36,827)**	(56,289)	**(368,270)**
Gain on securities contributed to employee retirement benefit trusts	**(17,381)**	(17,381)	**(173,810)**
Undistributed earnings of foreign subsidiaries and affiliates	**(61,688)**	(58,646)	**(616,880)**
Assets acquired in business combinations	**(76,118)**	(81,739)	**(761,180)**
Other	**(14,240)**	(15,127)	**(142,400)**
Deferred tax liabilities	**(244,429)**	(289,469)	**(2,444,290)**
Net deferred tax assets	**¥ 353,567**	¥ 262,167	**$ 3,535,670**

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2008 and 2007 were ¥80,721 million ($807,210 thousand) and ¥87,883 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2008 and 2007 were an increase of ¥16,026 million ($160,260 thousand) and an increase of ¥16,896 million, respectively.

The Company's tax loss carryforwards for each of the corporate and local taxes at March 31, 2008 amounted to ¥209,139 million ($2,091,390 thousand) and ¥304,208 million ($3,042,080 thousand), respectively, the majority of which will expire during the period from 2009 through 2015. The Company utilized tax loss carryforwards of ¥19,825 million ($198,250 thousand) and ¥8,598 million ($85,980 thousand) to reduce current corporate and local taxes, respectively, during the year ended March 31, 2008.

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

The Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109* ("FIN 48") effective April 1, 2007. As a result of implementing FIN 48, the Company identified unrecognized tax benefits of ¥7,906 million ($79,060 thousand) as of April 1, 2007, and made a cumulative-effect adjustment of ¥5,555 million ($55,550 thousand) to retained earnings.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2008 and interest and penalties included in income taxes for the year ended March 31, 2008 are not material.

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

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2007	**¥ 7,906**	**$ 79,060**
Additions for tax positions of the current year	**542**	**5,420**
Reductions for tax positions of prior years	**(2,009)**	**(20,090)**
Lapse of statute of limitations or closed audits	**(313)**	**(3,130)**
Foreign currency translation adjustments	**(1,023)**	**(10,230)**
Balance at March 31, 2008	**¥ 5,103**	**$ 51,030**

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is ¥1,148 million ($11,480 thousand).

The Company believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Company is aware at March 31, 2008, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Company files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Company is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2006 with few exceptions. In other major foreign tax jurisdictions, the Company is no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2002 with few exceptions.

17. SHAREHOLDERS' EQUITY

RETAINED EARNINGS

Retained earnings at March 31, 2008 and 2007 included a legal reserve of ¥20,042 million ($200,420 thousand) and ¥17,921 million, respectively. The Corporation Law of Japan provides that an amount equal to 10% of distributions from retained earnings paid by Toshiba Corporation and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also provides that additional paid-in capital and legal reserve are available for appropriations by the resolution of the stockholders.

The amount of retained earnings available for dividends is based on Toshiba Corporation's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan. Retained earnings at March 31, 2008 do not reflect current year-end dividends of ¥19,414 million ($194,140 thousand) which will be paid from June 2, 2008.

Retained earnings at March 31, 2008 included the Company's equity in undistributed earnings of affiliated companies accounted for by the equity method in the amount of ¥59,982 million ($599,820 thousand).

ACCUMULATED OTHER COMPREHENSIVE LOSS

An analysis of the changes in accumulated other comprehensive loss, net of tax, for the years ended March 31, 2008 and 2007 are shown below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Net unrealized gains and losses on securities:			
Balance at beginning of year	**¥ 80,801**	¥ 57,246	**$ 808,010**
Current year change	**(27,340)**	23,555	**(273,400)**
Balance at end of year	**¥ 53,461**	¥ 80,801	**$ 534,610**
Foreign currency translation adjustments:			
Balance at beginning of year	**¥ (21,938)**	¥ (32,019)	**$ (219,380)**
Current year change	**(95,614)**	10,081	**(956,140)**
Balance at end of year	**¥ (117,552)**	¥ (21,938)	**$ (1,175,520)**
Pension liability adjustments:			
Balance at beginning of year	**¥ (190,118)**	¥ —	**$ (1,901,180)**
Current year change	**(66,721)**	—	**(667,210)**
Adjustment to initially apply SFAS 158	**—**	(190,118)	**—**
Balance at end of year	**¥ (256,839)**	¥ (190,118)	**$ (2,568,390)**
Minimum pension liability adjustments:			
Balance at beginning of year	**¥ —**	¥ (151,351)	**$ —**
Current year change	**—**	4,214	**—**
Adjustment to initially apply SFAS 158	**—**	147,137	**—**
Balance at end of year	**¥ —**	¥ —	**$ —**
Net unrealized gains and losses on derivative instruments:			
Balance at beginning of year	**¥ 27**	¥ (385)	**$ 270**
Current year change	**(1,311)**	412	**(13,110)**
Balance at end of year	**¥ (1,284)**	¥ 27	**$ (12,840)**
Total accumulated other comprehensive loss:			
Balance at beginning of year	**¥ (131,228)**	¥ (126,509)	**$ (1,312,280)**
Current year change	**(190,986)**	38,262	**(1,909,860)**
Adjustment to initially apply SFAS 158	**—**	(42,981)	**—**
Balance at end of year	**¥ (322,214)**	¥ (131,228)	**$ (3,222,140)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2008 and 2007 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2008:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**¥ (59,136)**	**¥ 24,076**	**¥ (35,060)**
Less: reclassification adjustment for losses included in net income	**13,018**	**(5,298)**	**7,720**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(100,966)**	**4,550**	**(96,416)**
Less: reclassification adjustment for losses included in net income	**802**	**—**	**802**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(125,247)**	**50,647**	**(74,600)**
Less: reclassification adjustment for losses included in net income	**13,286**	**(5,407)**	**7,879**
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	**(10,627)**	**4,330**	**(6,297)**
Less: reclassification adjustment for losses included in net income	**8,408**	**(3,422)**	**4,986**
Other comprehensive income (loss)	**¥(260,462)**	**¥ 69,476**	**¥(190,986)**
For the year ended March 31, 2007:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	¥ 39,705	¥ (15,742)	¥ 23,963
Less: reclassification adjustment for gains included in net income	(714)	306	(408)
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	12,778	(2,704)	10,074
Less: reclassification adjustment for losses included in net income	7	—	7
Minimum pension liability adjustments	7,106	(2,892)	4,214
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(16,431)	6,713	(9,718)
Less: reclassification adjustment for losses included in net income	17,083	(6,953)	10,130
Other comprehensive income (loss)	¥ 59,534	¥ (21,272)	¥ 38,262

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2008:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**$ (591,360)**	**$ 240,760**	**$ (350,600)**
Less: reclassification adjustment for losses included in net income	**130,180**	**(52,980)**	**77,200**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(1,009,660)**	**45,500**	**(964,160)**
Less: reclassification adjustment for losses included in net income	**8,020**	**—**	**8,020**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(1,252,470)**	**506,470**	**(746,000)**
Less: reclassification adjustment for losses included in net income	**132,860**	**(54,070)**	**78,790**
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	**(106,270)**	**43,300**	**(62,970)**
Less: reclassification adjustment for losses included in net income	**84,080**	**(34,220)**	**49,860**
Other comprehensive income (loss)	**$ (2,604,620)**	**$ 694,760**	**$ (1,909,860)**

TAKEOVER DEFENSE MEASURE

The Company introduced a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), based on the shareholders' approval of the basic concept of the Plan at the Ordinary General Shareholders Meeting held in June 2006, for the purpose of protection and enhancement of the corporate value of the Company and the common interests of shareholders.

Specifically, if an acquirer starts or plans to start an acquisition or a takeover bid that would result in the acquirer holding 20% or more of the Company's total outstanding shares, the Company will require the acquirer to provide certain necessary information in advance to its Board of Directors. The Board of Directors will then establish a Special Committee that will, at its discretion, obtain advice from outside experts, consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, as well as the alternative proposal prepared by the Company's Chief Executive Officer, and then negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the Special Committee decides that the acquisition would damage the corporate value of the Company or the common interests of shareholders, the Special Committee will recommend to the Board of Directors that the Company implement countermeasures (a gratis allotment of stock acquisition rights (shinkabu yoyakuken no mushou wariate), a condition of which will be that they cannot be exercised by acquirers or the like) and protect the corporate value of the Company and the common interests of shareholders.

18. NET INCOME PER SHARE

A reconciliation of the numerators and denominators between basic and diluted net income per share for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Net income available to common shareholders	**¥ 127,413**	¥137,429	**$1,274,130**
Net income effect of dilutive convertible debentures	**—**	—	**—**
Net income available to common shareholders and assumed conversions	**¥ 127,413**	¥137,429	**$1,274,130**

	Thousands of shares	
Year ended March 31	**2008**	2007
Weighted-average number of shares of common stock outstanding for the year	**3,229,055**	3,214,078
Incremental shares from assumed conversions of dilutive convertible debentures	**253,398**	269,681
Weighted-average number of shares of diluted common stock outstanding for the year	**3,482,453**	3,483,759

	Yen		U.S. dollars
Year ended March 31	**2008**	2007	**2008**
Net income per share of common stock:			
—Basic	**¥39.46**	¥42.76	**$0.39**
—Diluted	**36.59**	39.45	**0.37**

19. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

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

The counterparties to the Company's derivative transactions are financial institutions of high credit standing. The Company does not anticipate any credit loss from nonperformance by the counterparties to forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options.

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

Interest rate swap agreements, currency swap agreements and currency options are used to limit the Company's exposure to losses in relation to underlying debt instruments and accounts receivable and payable denominated in foreign currencies resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 2008 to 2015.

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

Fair Value Hedge Strategy

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

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

Cash Flow Hedge Strategy

The forward exchange contracts and currency options utilized by the Company effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies for the next 7 years.

The interest rate swap agreements utilized by the Company effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next 7 years.

The Company expects to reclassify ¥82 million ($820 thousand) of net gains on derivative financial instruments from accumulated other comprehensive income (loss) to earnings during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

At March 31, 2008, there were no significant gains or losses on derivative financial instruments or portions thereof that were either ineffective as hedges, excluded from assessment of hedge effectiveness, or where the underlying risk did not occur.

The Company's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements, and currency options outstanding at March 31, 2008 and 2007 are summarized below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Forward exchange contracts:			
To sell foreign currencies	**¥329,575**	¥225,965	**$3,295,750**
To buy foreign currencies	**330,063**	156,092	**3,300,630**
Interest rate swap agreements	**241,550**	253,450	**2,415,500**
Currency swap agreements	**133,136**	161,362	**1,331,360**
Currency options	**8,817**	18,408	**88,170**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen			
	2008		2007	
March 31	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Nonderivatives:				
Liabilities:				
Long-term debt, including current portion	**¥ (954,486)**	**¥ (998,490)**	¥ (1,044,152)	¥ (1,114,148)
Derivative financial instruments:				
Forward exchange contracts	**(1,308)**	**(1,308)**	1,408	1,408
Interest rate swap agreements	**(2,063)**	**(2,063)**	(799)	(799)
Currency swap agreements	**2,275**	**2,275**	(797)	(797)
Currency options	**458**	**458**	(41)	(41)

	Thousands of U.S. dollars	
	2008	
March 31	Carrying amount	Estimated fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	**$ (9,544,860)**	**$ (9,984,900)**
Derivative financial instruments:		
Forward exchange contracts	**(13,080)**	**(13,080)**
Interest rate swap agreements	**(20,630)**	**(20,630)**
Currency swap agreements	**22,750**	**22,750**
Currency options	**4,580**	**4,580**

The above table excludes the financial instruments for which fair values approximate their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 4.

In assessing the fair value of these financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes payable-trade, accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices are used for a part of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes, or where market quotes are not available, using estimated discounted future cash flows. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments. These estimated fair values are not necessarily indicative of the amounts that could be realized in a current market exchange.

20. LEASES

LESSEE

The Company leases manufacturing equipment, office and warehouse space, and certain other assets under operating leases. Rent expenses under such leases for the years ended March 31, 2008 and 2007 were ¥91,130 million ($911,300 thousand) and ¥80,340 million, respectively.

The Company also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2008 and 2007, the costs under capital leases were approximately ¥90,000 million ($900,000 thousand) and ¥80,000 million, and the related accumulated amortization were approximately ¥41,200 million ($412,000 thousand) and ¥36,500 million, respectively.

As of March 31, 2008 and 2007, the costs under capital leases from TFC and Toshiba Medical Finance Co., Ltd., affiliates of the Company, were approximately ¥81,200 million ($812,000 thousand) and ¥74,900 million, and the related accumulated amortization were approximately ¥38,800 million ($388,000 thousand) and ¥34,900 million, respectively.

Minimum lease payments for the Company's capital and non-cancelable operating leases as of March 31, 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31	Capital leases	Operating leases	Capital leases	Operating leases
2009	¥ 17,674	¥ 43,476	$ 176,740	$ 434,760
2010	14,261	33,330	142,610	333,300
2011	9,179	26,898	91,790	268,980
2012	5,571	17,932	55,710	179,320
2013	2,818	10,219	28,180	102,190
Thereafter	7,487	18,300	74,870	183,000
Total minimum lease payments	56,990	¥150,155	569,900	$1,501,550
Executory costs	(4,012)		(40,120)	
Amounts representing interest	(4,332)		(43,320)	
Present value of net minimum lease Payments	48,646		486,460	
Less—current portion	(15,747)		(157,470)	
	¥ 32,899		$ 328,990	

LESSOR

The Company is also a lessor of office buildings, commercial facilities and other assets under operating leases. As of March 31, 2008 and 2007, the costs under operating leases were approximately ¥24,100 million ($241,000 thousand) and ¥20,600 million, and the related accumulated amortization were approximately ¥3,900 million ($39,000 thousand) and ¥2,900 million, respectively. Future minimum lease payments to be received under the Company's non-cancelable operating leases as of March 31, 2008 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 2,759	$ 27,590
2010	2,698	26,980
2011	2,691	26,910
2012	2,630	26,300
2013	2,573	25,730
Thereafter	17,715	177,150
	¥ 31,066	$310,660

21. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments outstanding at March 31, 2008 for the purchase of property, plant and equipment approximated ¥52,078 million ($520,780 thousand).

At March 31, 2008, contingent liabilities, other than guarantees disclosed in Note 22, approximated ¥4,519 million ($45,190 thousand) principally for recourse obligations related to notes receivable transferred.

22. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Company guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Company's products and services. Expiration dates vary from 2008 to 2017 or terminate on payment and/or cancellation of the obligation. A payment by the Company would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥174,312 million ($1,743,120 thousand) as of March 31, 2008.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Company guarantees housing loans of its employees. The term of the guarantees is equal to the term of the related loans which range from 5 to 25 years. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. The maximum potential payments under these guarantees were ¥15,267 million ($152,670 thousand) as of March 31, 2008. However, the Company expects that the majority of such payments would be reimbursed through the Company's insurance policy.

GUARANTEES OF TRANSFERRED CORPORATE BONDS

The Company entered into a sale and assumption agreement with an SPE during 2001. As a result, the Company was released from being a primary obligor for ¥20,178 million of the Company's corporate bonds, which mature on various dates through 2008, and became secondarily liable for these obligations. The maximum potential payment by the Company as a secondary obligor was ¥1,993 million ($19,930 thousand) at March 31, 2008.

RESIDUAL VALUE GUARANTEES UNDER SALE AND LEASEBACK TRANSACTIONS

The Company has entered into several sale and leaseback transactions in which certain manufacturing equipment was sold and leased back. The Company may be required to make payments for residual value guarantees in connection with these transactions. The operating leases will expire on various dates through March 2013. The maximum potential payments by the Company for such residual value guarantees were ¥26,468 million ($264,680 thousand) at March 31, 2008.

GUARANTEES OF DEFAULTED NOTES AND ACCOUNTS RECEIVABLE

The Company has transferred trade notes receivable and trade accounts receivable under several securitization programs. Upon certain sales of trade notes and accounts receivable, the Company holds a repurchase obligation, which the Company is required to perform upon default of the trade notes and accounts receivable. The trade notes and accounts receivable generally mature within 3 months. The maximum potential payment for such repurchase obligation was ¥14,341 million ($143,410 thousand) as of March 31, 2008.

The carrying amounts of the liabilities for the Company's obligations under the guarantees described above at March 31, 2008 were not significant.

WARRANTY

Estimated warranty costs are accrued for at the time the product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience. The following is a reconciliation of the product warranty accrual:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Balance at beginning of year	**¥38,814**	¥32,902	**$388,140**
Warranties issued	**48,316**	44,846	**483,160**
Settlements made	**(39,578)**	(40,149)	**(395,780)**
Foreign currency translation adjustments	**(3,974)**	1,215	**(39,740)**
Balance at end of year	**¥43,578**	¥38,814	**$435,780**

23. LEGAL PROCEEDINGS

In January 2007, the European Commission adopted a decision that imposed fines on 19 companies, including Toshiba Corporation, for infringing EU Competition Law in the gas insulated switchgear market. The decision imposed a fine of €86.25 million on Toshiba Corporation, plus a fine of €4.65 million jointly and severally with Mitsubishi Electric Corporation. Following its own investigation, Toshiba Corporation contends that it has not found any infringement of EU Competition Law, and it is bringing an action to the European Court of First Instance seeking annulment of the European Commission's decision.

The Company undertakes global business operation, and is involved in disputes, including lawsuits, and other legal procedures and is investigated by authorities. There will be also possibility of such a case in future. Due to differences in judicial systems and difficulties in predicting prospects in these procedures, it is difficult to rule out the possibility that the Company may be subject to an authoritative order requiring payment of an amount far exceeding normal expectations. Judgements unfavorable to the Company in these cases may impact on Company's operations.

The Company's Management believes that there are meritorious defenses to all of these legal procedures, including lawsuits and investigations. Based on the information currently available to both the Company and its legal counsel, Management believes that such legal procedures, if any, would not have a material adverse effect on the financial position or the results of operations of the Company.

24. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, "Law Concerning Special Measure against poly chlorinated biphenyl ("PCB") waste" requires PCB waste holders dispose of all PCB waste by July 2016. The Company accrued ¥10,643 million ($106,430thousand) and ¥10,647 million at March 31, 2008 and 2007, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Toshiba operations in Japan have retained. The costs recorded during the year are included as cost of sales in the accompanying consolidated statements of income.

The accrual will be adjusted as assessment and remediation efforts progress or as additional technical or legal information available. Management is of opinion that the ultimate costs in excess of the amount accrued, if any, would not have a material adverse effect on the financial position or the results of operations of the Company.

25. ASSET RETIREMENT OBLIGATIONS

The Company records asset retirement obligations in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations* ("SFAS 143"), and FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations, an Interpretation of SFAS 143* ("FIN 47").

Asset retirement obligation was related primarily to the decommissioning of nuclear power facilities. These obligations address the decommissioning, clean up and release for acceptable alternate use of such facilities. The Company identified certain assets that have an indeterminate life, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these asset retirement obligations will be recorded when a fair value is reasonably estimable.

The changes in the carrying amount of asset retirement obligations for the year ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Balance at beginning of year	**¥ 17,149**	¥ 492	**$ 171,490**
Accretion expense	**1,044**	68	**10,440**
Liabilities settled	**(1,422)**	(345)	**(14,220)**
Liabilities incurred	**15,412**	17,180	**154,120**
Foreign currency translation adjustments	**(3,628)**	(246)	**(36,280)**
Balance at end of year	**¥ 28,555**	¥ 17,149	**$ 285,550**

26. ACQUISITION OF WESTINGHOUSE

On October 16, 2006 (Eastern Standard Time), Toshiba completed its procedure to acquire all the shares of BNFL USA Group Inc., the holding company for the Westinghouse Group whose main business is nuclear power systems, and of Westinghouse Electric UK Limited (collectively "Westinghouse") for $5.4 billion. On acquiring Westinghouse, Toshiba established two special-purpose acquisition companies in the U.S. and U.K. (Toshiba Nuclear Energy Holdings (US) Inc. and Toshiba Nuclear Energy Holdings (UK) Limited; collectively "TNEHs"), and acquired it through these TNEHs. By building a collaborative relation, Toshiba's Nuclear Energy System Business, with its forte in boiling water reactors mainly in the Japanese market, and Westinghouse, with its advantage in pressurized water reactors in the world market, would be able to complement each other in the fields of manufacturing, marketing and technology, and exert synergistic effects by penetrating new business fields that neither Toshiba nor Westinghouse have been able to handle independently.

Westinghouse's operating results are included in Company's Consolidated Statements of Income from October 1, 2006.

In connection with the acquisition, Toshiba entered into an equity participation agreement with The Shaw Group Inc., a leading U.S. general engineering firm ("Shaw") and Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI Co. ,"IHI"), and Shaw and IHI participated as Toshiba's strategic partners in the acquisition of Westinghouse. In accordance with the equity participation agreement, Shaw and IHI acquired 20% (for $1,080 million) and 3% (for $162 million) of the issued and outstanding shares of TNEHs, respectively. Consequently, Toshiba's equity percentage came to 77% ($4,158 million) at March 31, 2007.

Toshiba initially raised the funds for acquisition ($4,158 million) from commercial papers and bank loans, but is currently moving ahead to repay and replace them with a long-term financing obtained from issuance of bonds (¥100 billion) and long-term syndicated loans (¥250 billion).

On October 1, 2007 (Eastern Standard Time), Toshiba transferred 10% ($540 million) ownership to National Atomic Company Kazatomprom, a major supplier of uranium based in the Republic of Kazakhstan. Consequently, Toshiba's current equity percentage stands at 67%($3,618 million).

The following table summarizes the preliminary estimated fair values of Westinghouse's assets acquired and liabilities assumed as of acquisition date:

	Millions of yen
Current assets	¥119,530
Intangible assets subject to amortization	201,677
Intangible assets not subject to amortization	50,299
Goodwill	350,785
Other fixed assets	222,775
Current liabilities	117,042
Long-term liabilities	181,320
Minority interest	148,742
Net assets acquired	497,962

Goodwill based on the preliminary valuation and other intangible assets are as follows:

	Millions of yen
Core and current technology	
(Weighted-average amortization period: 22.4)	¥171,377
Other intangible assets subject to amortization	
(Weighted-average amortization period: 18.1)	30,300
Brand name	50,299
Goodwill	350,785

The acquired assets did not include any research and development in progress. Pursuant to the terms of the agreement among the shareholders of TNEHs, Shaw and IHI will not be allowed to assign their equity interests in TNEHs to a third party for a period of six years except under certain specified circumstances, whereas they are entitled to sell the whole or a part of their equity interests to Toshiba during the said period (except the period up to March 31, 2010). For its part, Toshiba is also entitled to purchase from Shaw or IHI the whole or a part of their equity interests in TNEHs on certain specified conditions. These rights are in place for the purpose of protecting the interests of the minority shareholders and preventing equity participation by a third party who may put Toshiba at disadvantage.

Subsequently, pursuant to the terms of the sale/purchase agreement with British Nuclear Fuels plc as seller, Westinghouse's assets and liabilities at the time of acquisition of the shares were revalued and the purchase price ($5.44 billion) was adjusted. The allocation process of the relevant purchase price has finished.

If the acquisition had taken place on April 1, 2006, Toshiba's unaudited pro-forma operating results would have been as summarized below:

	Billions of yen
Year ended March 31	2007
Net sales	¥ 7,232.0
Net income	140.2

	yen
Year ended March 31	2007
Net income per share of common stock	¥ 43.61
Diluted net income per share of common stock	40.24

Pro-forma data has been prepared for comparative purpose only and is not intended to be indicative of what the Company's results would have been had the acquisition occurred at the beginning of the periods presented or the results which may occur in the future.

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Report of Independent Auditors

The Board of Directors and Shareholders of
Toshiba Corporation

We have audited the accompanying consolidated balance sheets of Toshiba Corporation and subsidiaries (the "Company") as of March 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company's consolidated financial statements do not disclose segment information required by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." In our opinion, disclosure of segment information is required by U.S. generally accepted accounting principles.

In our opinion, except for the omission of segment information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Corporation and subsidiaries at March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective April 1, 2007, Toshiba Corporation and its domestic subsidiaries changed their method of accounting for depreciation.

We have also reviewed the translation of the financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

June 25, 2008

Ernst & Young ShinNihon

TOSHIBA CORPORATION

This report was printed on recycled paper with soy-based ink.
Printed in Japan