

FOR IMMEDIATE RELEASE

July 30, 2002

**Toshiba Announces Consolidated Result  
for the First Quarter of Fiscal Year to March 2003**

TOKYO--Toshiba Corporation today announced its consolidated result for the first quarter of fiscal year (FY) to March 2003.

General Overview of the First Quarter of FY2002

During the quarter, the markets in which Toshiba operates recovered from their low point and there were indications of growth. However, the recovery remains sluggish, due to curtailed private sector investment in the U.S. and Japan.

In these circumstances, *Information & Communications Systems*, *Social Infrastructure Systems* and *Power Systems*, all highly influenced by investment patterns, saw lower sales. *Digital Media* recorded favorable sales of PCs and visual products in overseas markets and *Electronic Devices & Components* also saw increased sales. As a result, overall sales increased 2% to 1,191.1 billion yen (US\$9,926 million) over the same period of the previous year.

On the strength of measures taken under the 01 Action Plan, operating income improved by 13.9 billion yen (\$116 million) to minus 26.3 billion yen (-\$219 million). Net income improved by 14.6 billion yen (\$122 million) to minus 18.8 billion yen (-\$157 million).

Consolidated sales and operating income results by segment

*Information & Communications Systems*

Decreased sales of systems for communications, distribution and finance held back performance. Overall segment sales of 177.5 billion yen (\$1,479 million) were 89% of sales for the same period a year ago. Operating income improved by 0.3 billion yen (\$3 million) against the same period a year ago to minus 10.5 billion yen (-\$88 million).

### *Social Infrastructure Systems*

Sales of medical system rose, but lower capital expenditure in the public and private sectors undercuts this. Overall segment sales of 148.6 billion yen (\$1,239 million) were 94% of sales for the same period a year ago. Operating income decreased by 1.1 billion yen (\$9 million) against the same period a year ago to minus 16.5 billion yen (-\$137 million).

### *Power Systems*

Domestic sales of power distribution and thermal power generating equipment were lower than anticipated. Overall segment sales of 95.9 billion yen (\$799 million) were 88% of sales for the same period a year ago. Operating income of minus 0.2 billion yen (-\$1 million) was down 6.2 billion yen (\$52 million) against the same period a year ago.

### *Digital Media*

Sales of PCs, visual products, including televisions and DVD players in overseas, and sales of cellular phones in Japan all showed positive growth. Overall segment sales of 368.9 billion yen (\$3,074 million) were 118% of sales for the same period a year ago. Operating income improved 8.1 billion yen (\$67 million) against the same period a year ago to 0.7 billion yen (\$6 million).

### *Home Appliances*

A decline in market demand and price erosion lowered sales as market share improved. Overall segment sales of 166.9 billion yen (\$1,390 million) were 94% of sales for the same period a year ago. Operating income of 2.4 billion yen (\$20 million) was down 2.4 billion yen (\$20 million) against the same period a year ago.

### *Electronic Devices & Components*

The semiconductor business saw favorable sales of system LSIs and discrete devices, while sales of DRAMs declined. Dramatic growth in sales of low temperature polysilicon LCDs and the contribution of a new LCD joint venture company increased overall sales in LCD business. As a result, both sales and profit showed marked improvement over the same period a year ago. Segment sales of 299.8 billion yen (\$2,499 million) were 112% of sales for the same period a year ago. Operating income improved to minus 6.6 billion yen (-\$55 million), a 14.3 billion yen (\$120 million) increase against the same period a year ago.

*Others*

Sales increased 3% to 96.2 billion yen (\$802 million). Operating income also increased 0.3 billion yen (\$3 million) to 4 billion yen (\$33 million).

Projection for FY2002

The projection of FY2002 remains as announced on April 25, 2002.

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Note: The U.S. dollar is valued at 120 yen throughout this statement for convenience only. All dollar figures are approximate.

Toshiba Corporation and its Subsidiaries

## Consolidated Financial Statements

For the First-Quarter ended June 30, 2002

### First-Quarter Results

(¥ in millions, US\$ in thousands, except for earnings per share)

	<b>Three months ended June 30</b>				
	<b>2002 (A)</b>	2001 (B)	(A)-(B)	(A)/(B)	<b>2002</b>
Net sales	<b>¥1,191,119</b>	¥1,165,480	¥25,639	102%	<b>\$9,925,992</b>
Operating income (loss)	<b>(26,261)</b>	(40,205)	13,944	—	<b>(218,842)</b>
Income (loss) before income taxes and minority interest	<b>(33,266)</b>	(52,559)	19,293	—	<b>(277,217)</b>
Net income (loss)	<b>(18,795)</b>	(33,437)	14,642	—	<b>(156,625)</b>
Basic earnings per share	<b>¥(5.84)</b>	¥(10.39)	¥4.55	—	<b>\$(0.05)</b>

Notes:

- 1) Consolidated Financial Statements are based on generally accepted accounting principles in the U.S.
- 2) The company has 336 consolidated subsidiaries.
- 3) The U.S.dollar is valued at ¥120 throughout this statement for convenience only.
- 4) The figures in the Consolidated Financial Statements are unaudited.

## Comparative Consolidated Statements of Operations

**First-Quarter ended June 30**

(¥ in millions, US\$ in thousands)

	<b>Three months ended June 30</b>				
	<b>2002 (A)</b>	<b>2001 (B)</b>	<b>(A)-(B)</b>	<b>(A)/(B)</b>	<b>2002</b>
<b>Sales and other income</b>					
Net sales	¥1,191,119	¥1,165,480	¥25,639	102%	\$9,925,992
Interest	1,460	2,246	(786)	65%	12,167
Dividends	2,376	2,087	289	114%	19,800
Other income	11,652	8,454	3,198	138%	97,100
<b>Costs and expenses</b>					
Cost of sales	869,450	861,887	7,563	101%	7,245,417
Selling, general and administrative	347,930	343,798	4,132	101%	2,899,417
Interest	6,032	8,691	(2,659)	69%	50,267
Other	16,461	16,450	11	100%	137,175
<b>Income (loss) before income taxes, minority interest and equity in earnings of affiliates</b>	<b>(33,266)</b>	<b>(52,559)</b>	<b>19,293</b>	<b>—</b>	<b>(277,217)</b>
<b>Income taxes</b>	<b>(10,545)</b>	<b>(18,292)</b>	<b>7,747</b>	<b>—</b>	<b>(87,875)</b>
<b>Minority interest in income (loss) of consolidated subsidiaries</b>	<b>(131)</b>	<b>1,249</b>	<b>(1,380)</b>	<b>—</b>	<b>(1,092)</b>
<b>Equity in earnings of affiliates</b>	<b>3,795</b>	<b>2,079</b>	<b>1,716</b>	<b>183%</b>	<b>31,625</b>
<b>Net income (loss)</b>	<b>¥(18,795)</b>	<b>¥(33,437)</b>	<b>¥14,642</b>	<b>—</b>	<b>\$(156,625)</b>

Note: Comprehensive loss for the first quarter of FY2002 and FY2001 was ¥36,493 million and ¥35,628 million, respectively.

## Comparative Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	June 30, 2002 (A)	Mar. 31, 2002 (B)	(A)-(B)	June 30, 2002
<b>Assets</b>				
Current assets	¥2,582,543	¥2,674,527	¥(91,984)	\$21,521,192
Cash and cash equivalents	340,598	370,432	(29,834)	2,838,317
Notes and accounts receivable, trade	858,570	1,086,147	(227,577)	7,154,750
Finance receivables, net	184,418	190,912	(6,494)	1,536,817
Inventories	796,266	693,350	102,916	6,635,550
Prepaid expenses and other current assets	402,691	333,686	69,005	3,355,758
Long-term receivables	20,612	14,523	6,089	171,767
Long-term finance receivables, net	298,439	313,058	(14,619)	2,486,992
Investments	375,606	363,274	12,332	3,130,050
Property, plant and equipment	1,340,218	1,354,322	(14,104)	11,168,483
Other assets	712,328	688,078	24,250	5,936,066
Total assets	¥5,329,746	¥5,407,782	¥(78,036)	\$44,414,550
<b>Liabilities and shareholders' equity</b>				
Current liabilities	¥2,756,225	¥2,872,493	¥(116,268)	\$22,968,542
Short-term borrowings and current portion of long-term debt	901,215	929,778	(28,563)	7,510,125
Notes and accounts payable, trade	959,083	978,020	(18,937)	7,992,358
Other current liabilities	895,927	964,695	(68,768)	7,466,059
Accrued pension and severance costs	708,988	709,233	(245)	5,908,233
Long-term debt and other liabilities	997,043	931,079	65,964	8,308,692
Minority interest in consolidated subsidiaries	198,745	189,663	9,082	1,656,208
Shareholders' equity	668,745	705,314	(36,569)	5,572,875
Common stock	274,926	274,926	0	2,291,050
Additional paid-in capital	285,736	285,736	0	2,381,133
Retained earnings	424,760	443,555	(18,795)	3,539,667
Accumulated other comprehensive loss	(316,490)	(298,792)	(17,698)	(2,637,417)
Treasury stock	(187)	(111)	(76)	(1,558)
Total liabilities and shareholders' equity	¥5,329,746	¥5,407,782	¥(78,036)	\$44,414,550

### Breakdown of accumulated other comprehensive income (loss)

Unrealized gains on securities	¥20,201	¥25,186	¥(4,985)	\$168,342
Foreign currency translation adjustments	(57,725)	(41,951)	(15,774)	(481,042)
Minimum pension liability adjustment	(275,560)	(279,939)	4,379	(2,296,334)
Unrealized losses on derivative instruments	(3,406)	(2,088)	(1,318)	(28,383)
Total debt	¥1,859,928	¥1,818,533	¥41,395	\$15,499,400

## Comparative Consolidated Statements of Cash Flows

**First-Quarter ended June 30**

(¥ in millions, US\$ in thousands)

		<b>Three months ended June 30</b>			
		<b>2002 (A)</b>	<b>2001 (B)</b>	<b>(A)-(B)</b>	<b>2002</b>
<b>Cash flows from operating activities</b>					
Net income (loss)		¥(18,795)	¥(33,437)	¥14,642	\$(156,625)
Depreciation and amortization		59,737	79,619	(19,882)	497,808
Equity in income of affiliates		(3,795)	(2,079)	(1,716)	(31,625)
Decrease in notes and accounts receivable, trade		238,386	242,377	(3,991)	1,986,550
Increase in inventories		(107,771)	(132,384)	24,613	(898,091)
Decrease in notes and accounts payable, trade		(15,402)	(89,833)	74,431	(128,350)
Others		(143,041)	(105,661)	(37,380)	(1,192,008)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		28,114	(7,961)	36,075	234,284
Net cash provided by (used in) operating activities		9,319	(41,398)	50,717	77,659
<b>Cash flows from investing activities</b>					
Proceeds from sale of property and securities		43,954	15,073	28,881	366,283
Acquisition of property and equipment		(57,475)	(64,272)	6,797	(478,958)
Purchase of securities		(2,415)	(6,673)	4,258	(20,125)
(Increase) decrease in investments in affiliates		(5,585)	1,134	(6,719)	(46,542)
Others		(11,788)	580	(12,368)	(98,233)
Net cash used in investing activities		(33,309)	(54,158)	20,849	(277,575)
<b>Cash flows from financing activities</b>					
Proceeds from long-term debt		146,770	30,278	116,492	1,223,083
Repayment of long-term debt		(70,226)	(45,941)	(24,285)	(585,217)
(Decrease) increase in short-term borrowings		(76,604)	23,229	(99,833)	(638,367)
Dividends paid		(9)	(13,140)	13,131	(75)
Others		1,924		1,924	16,034
Net cash provided by (used in) financing activities		1,855	(5,574)	7,429	15,458
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(7,699)</b>	<b>(945)</b>	<b>(6,754)</b>	<b>(64,158)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(29,834)</b>	<b>(102,075)</b>	<b>72,241</b>	<b>(248,616)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>370,432</b>	<b>487,595</b>	<b>(117,163)</b>	<b>3,086,933</b>
<b>Cash and cash equivalents at end of period</b>		<b>¥340,598</b>	<b>¥385,520</b>	<b>¥(44,922)</b>	<b>\$2,838,317</b>

## Industry Segments Information

**First-Quarter ended June 30**

(¥ in millions, US\$ in thousands)

		Three months ended June 30				
		2002 (A)	2001 (B)	(A)-(B)	(A)/(B)	2002
Net sales (Share of total sales)	Information & Communications Systems	¥177,497 (13%)	¥198,415 (15%)	¥(20,918) (-2%)	89%	\$1,479,142
	Social Infrastructure Systems	148,617 (11%)	158,280 (12%)	(9,663) (-1%)	94%	1,238,475
	Power Systems	95,918 (7%)	108,943 (8%)	(13,025) (-1%)	88%	799,317
	Digital Media	368,901 (27%)	311,512 (24%)	57,389 (3%)	118%	3,074,175
	Home Appliances	166,854 (13%)	176,905 (14%)	(10,051) (-1%)	94%	1,390,450
	Electronic Devices & Components	299,832 (22%)	268,216 (20%)	31,616 (2%)	112%	2,498,600
	Others	96,197 (7%)	93,110 (7%)	3,087 (-)	103%	801,641
	Total	1,353,816 (100%)	1,315,381 (100%)	38,435	103%	11,281,800
	Eliminations	(162,697)	(149,901)	(12,796)	—	(1,355,808)
Consolidated		¥1,191,119	¥1,165,480	¥25,639	102%	\$9,925,992
Operating income (loss)	Information & Communications Systems	¥(10,520)	¥(10,864)	¥344	—	\$(87,667)
	Social Infrastructure Systems	(16,498)	(15,418)	(1,080)	—	(137,483)
	Power Systems	(180)	6,005	(6,185)	—	(1,500)
	Digital Media	759	(7,315)	8,074	—	6,325
	Home Appliances	2,426	4,815	(2,389)	50%	20,217
	Electronic Devices & Components	(6,621)	(20,966)	14,345	—	(55,175)
	Others	3,977	3,643	334	109%	33,141
	Total	(26,657)	(40,100)	13,443	—	(222,142)
	Eliminations	396	(105)	501	—	3,300
Consolidated		¥(26,261)	¥(40,205)	¥13,944	—	\$(218,842)



## Net Sales by Region

### First-Quarter ended June 30

(¥ in millions, US\$ in thousands)

	Three months ended June 30				2002
	2002 (A)	2001 (B)	(A)-(B)	(A)/(B)	
Japan	<b>¥680,293</b> (57%)	¥710,893 (61%)	¥(30,600) (-4%)	96%	<b>\$5,669,109</b>
Overseas	<b>510,826</b> (43%)	454,587 (39%)	56,239 (4%)	112%	<b>4,256,883</b>
North America	<b>203,089</b> (17%)	175,056 (15%)	28,033 (2%)	116%	<b>1,692,408</b>
Asia	<b>172,924</b> (15%)	148,665 (13%)	24,259 (2%)	116%	<b>1,441,033</b>
Europe	<b>110,220</b> (9%)	105,656 (9%)	4,564 (-)	104%	<b>918,500</b>
Other	<b>24,593</b> (2%)	25,210 (2%)	(617) (-)	98%	<b>204,942</b>
Net Sales	<b>¥1,191,119</b> (100%)	¥1,165,480 (100%)	¥25,639	102%	<b>\$9,925,992</b>

Notes:

- 1) Segment information is based on Japanese accounting standards.
- 2) Net sales by region are determined based upon the locations of the customers.

#### \*Forward-looking Statement

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