

Taking the Initiative: Strategies for Continued Growth

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Forward-looking statements

- This presentation 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.

- **Business Results for Fiscal Year 2005**

- **Business Strategies**

 - Basic Management Policy

 - Basic Strategies of Mid-term Business Plan

- **Strategies for Key Businesses**

 - NAND Flash Memory, SED, Nuclear Power,
Medical Systems, Storage Devices, PC, AV

- **Activities to Promote Innovation**

- **Enhancement of CSR Management**

FY2005 Results vs. Previous Plan (announced in August 2005)

- FY2005 actual results came close to achieving the FY2007 goals announced in August 2005.
- The new FY2006 mid-term plan brings previous targets for FY2007 ahead by one year, to FY2006.

	FY2005 Results	FY2007 Goals (Announced Aug. 2005)
Net Sales	6,343.5b yen	6,600b yen
Operating Income Ratio	3.8%	4.0%
D/E Ratio	92%	100%
ROE	8.6%	10%

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Basic Management Policy

■ Realize Sustained Growth with Profit

Execute proactive management through visions for growth and strategic allocations of resources

Ensure implementation of mid-term plan and expand market share by enhancing competitiveness

■ Maximize Multiplier Effect of Innovations

Enhance global competitiveness through Process Innovations

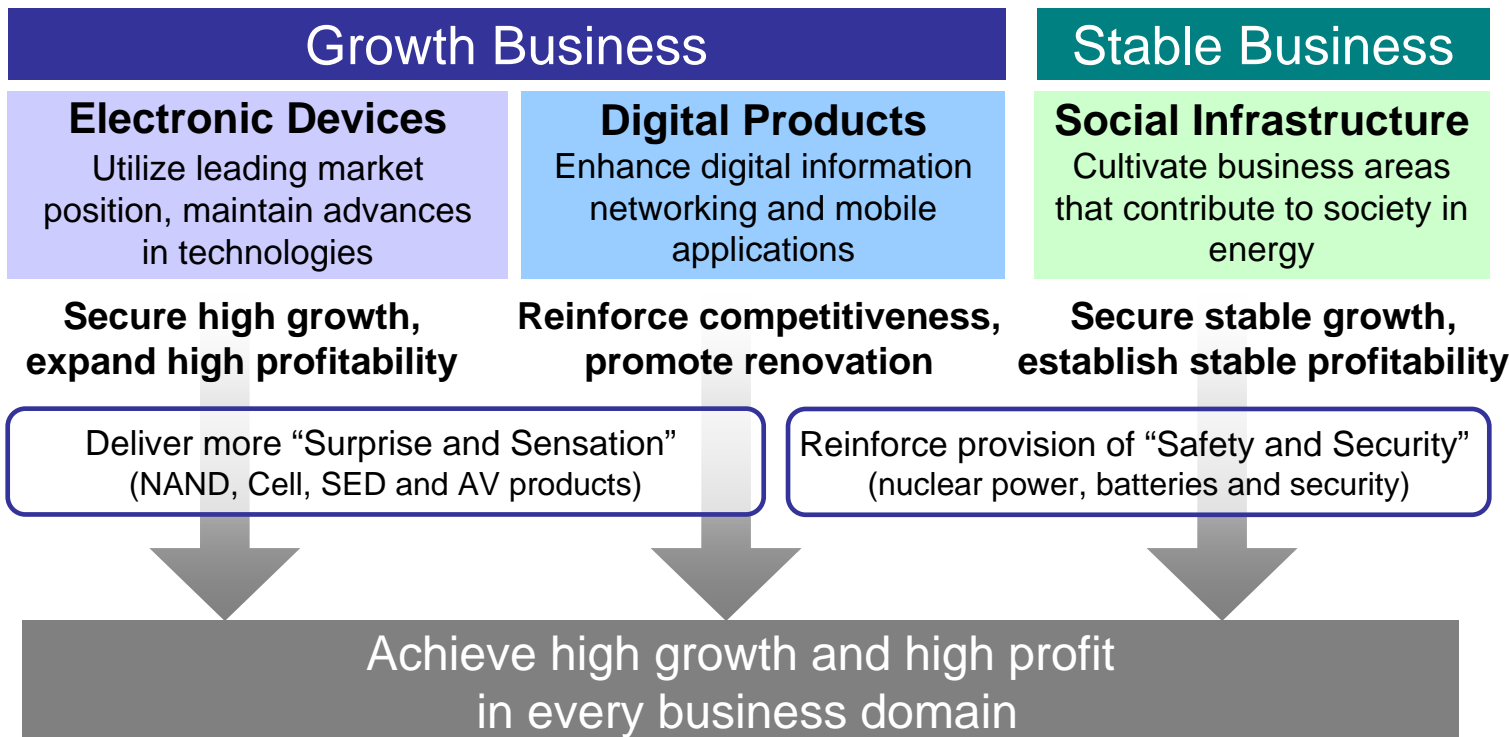
Establish foundations for Value Innovations

■ Execute Management with Corporate Social Responsibilities

Comply with laws and regulations in every business activity and evolve as a global group recognized for responding to social and environmental concerns

Vision for FY2010

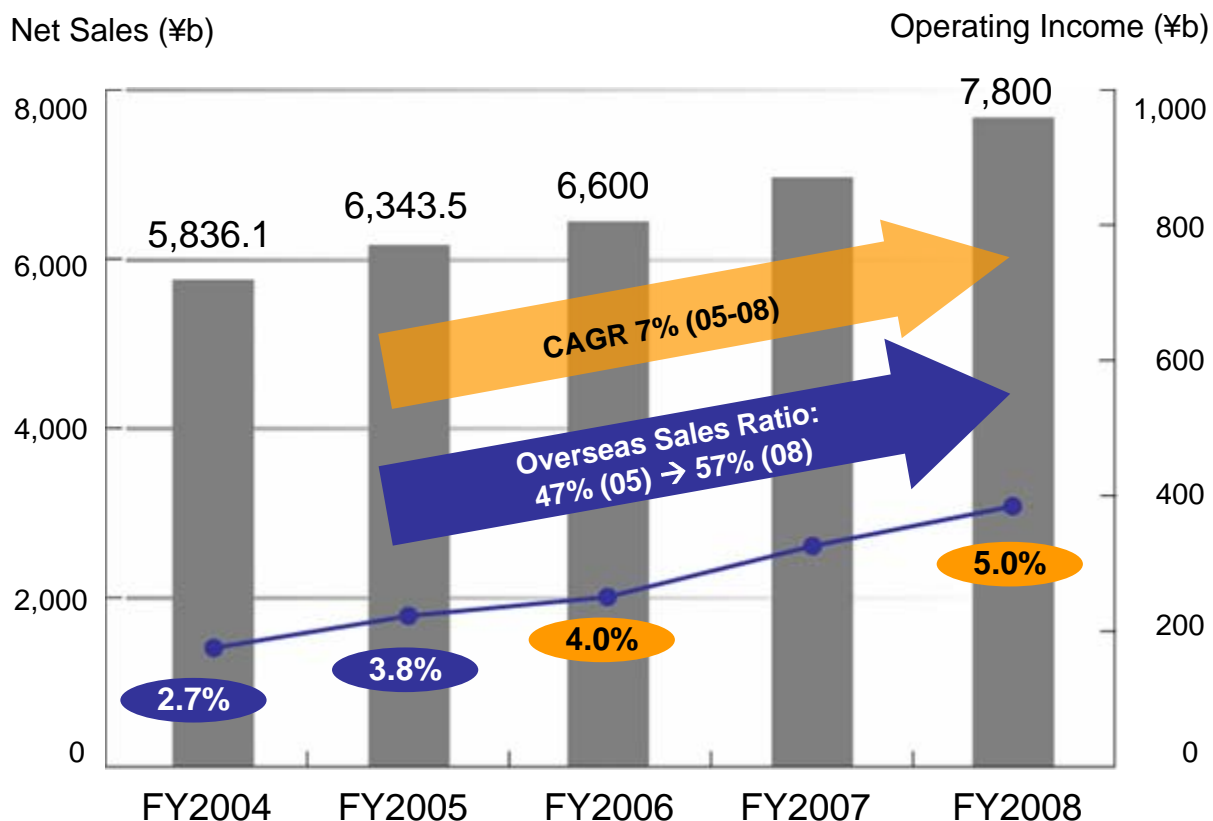
Achieve Sustained Growth with Profit in All Business Domains



Aim for net sales of 9,000b yen and operating income of 540b yen (6%)

Mid-term Plan

Sales growth: CAGR 7% (FY05-08), Operating income ratio: more than 5%
 Achieve top level of profitability among Japanese electronics manufacturers



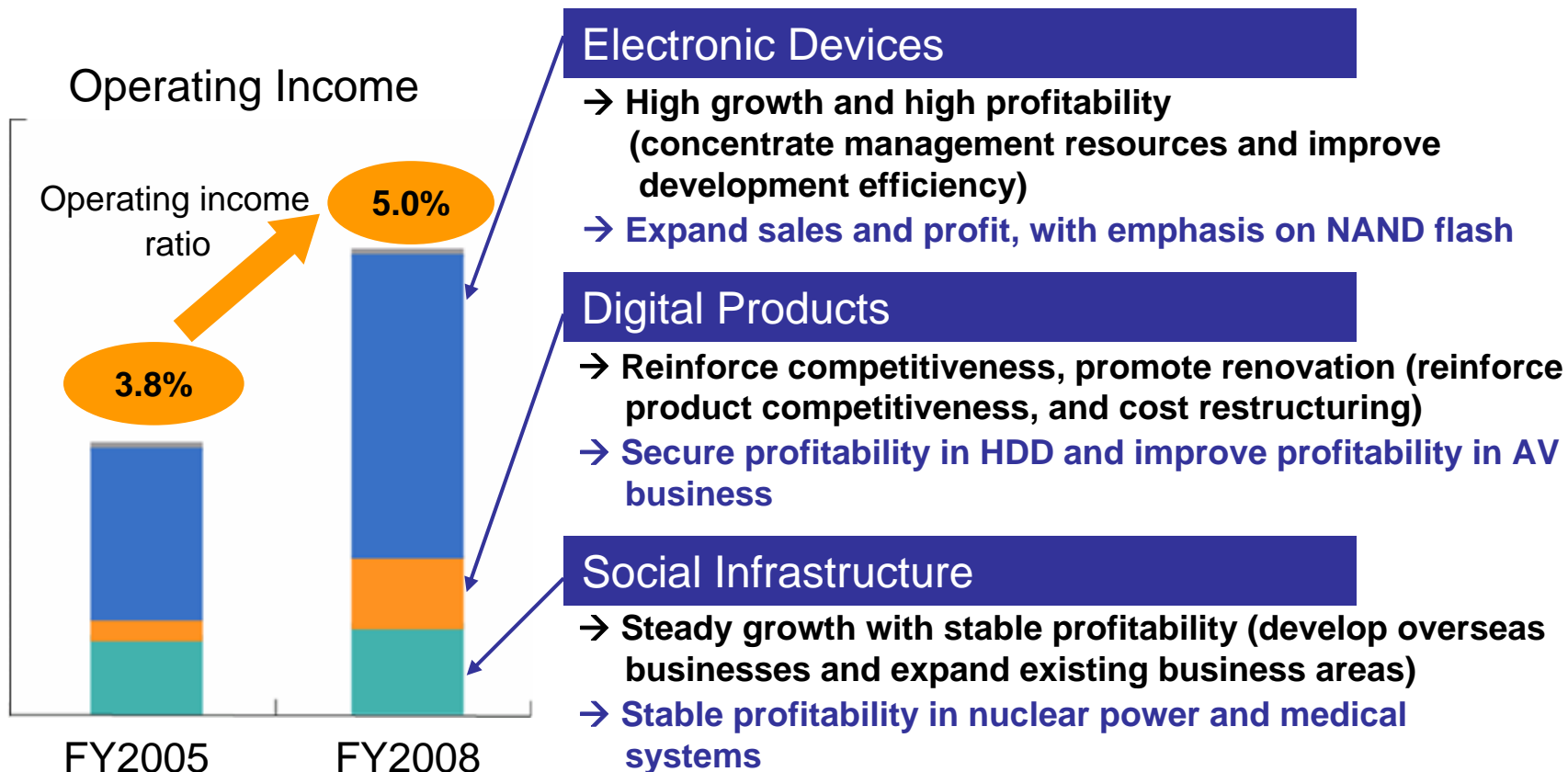
Goals by Business Segment

(¥b)

		FY2005 Result	FY2006 Forecast	FY2008 Plan	CAGR upper FY05-08 (lower FY02-05)
Electronic Devices	Net sales	1,388.1	1,620	2,290	18%
	Operating income ratio	8.9%	9.6%	10%	(3%)
Digital Products	Net sales	2,536.5	2,700	3,100	7%
	Operating income ratio	0.8%	1.3%	2%	(7%)
Social Infrastructure	Net sales	1,882.3	1,940	2,160	4%
	Operating income ratio	4.1%	3.1%	4%	(1%)
Home Appliances	Net sales	687.5	710	750	3%
	Operating income ratio	0.4%	0.7%	1%	(3%)

FY2008 Business Breakdown by Key Domains

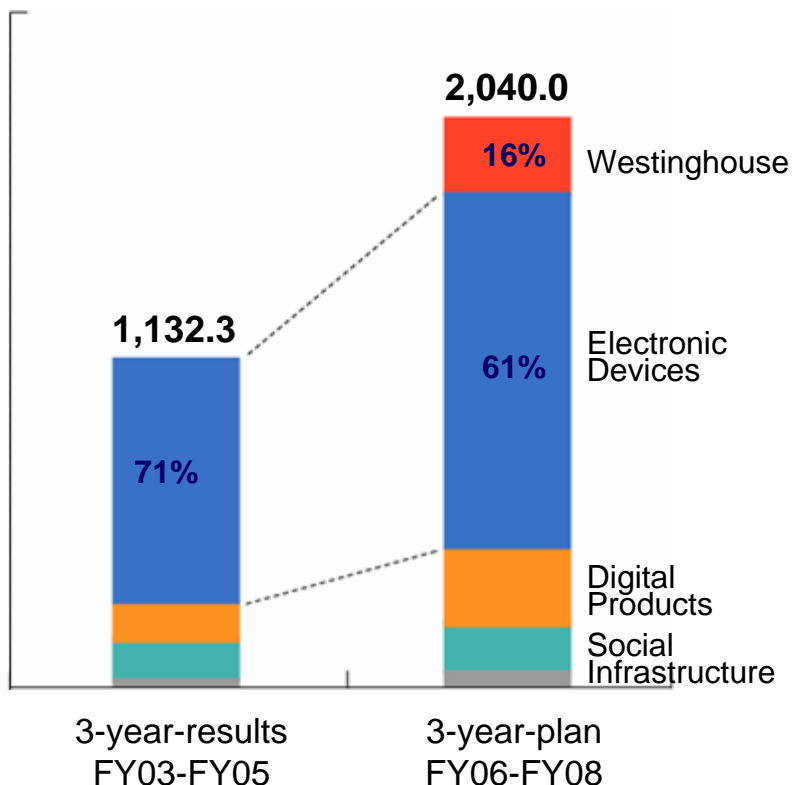
Expanded Sales and Profit in Electronic Devices, Improved Profitability in Digital Products, and Stable Profit in Social Infrastructure



Capex Strategy

Proactive Management through a Primary Strategic Focus on Electronic Devices

(Bil. Yen)



Westinghouse

- Promote Business in Strategic Partnership

Electronic Devices

- Half of total capex to Semiconductor Business
- FAB4 and FAB5 plans for NAND are included to reinforce high profitability
- Focus too on new businesses, such as SED

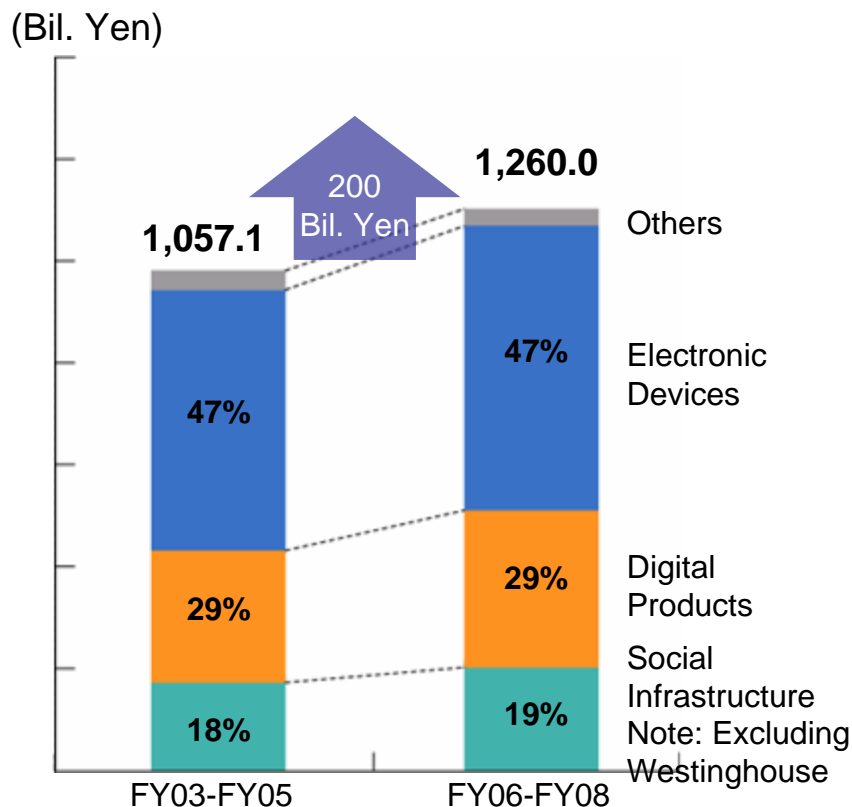
Digital Products

- Increase capex in HDD to reinforce competitiveness

R&D Plan

Maintain R&D to sales ratio of 6%

¥200b increase over three years from FY06



Electronic Devices

- Next generation non-volatile memory
- Cell application systems
- Small size methanol fuel cells
- SED

Digital Products

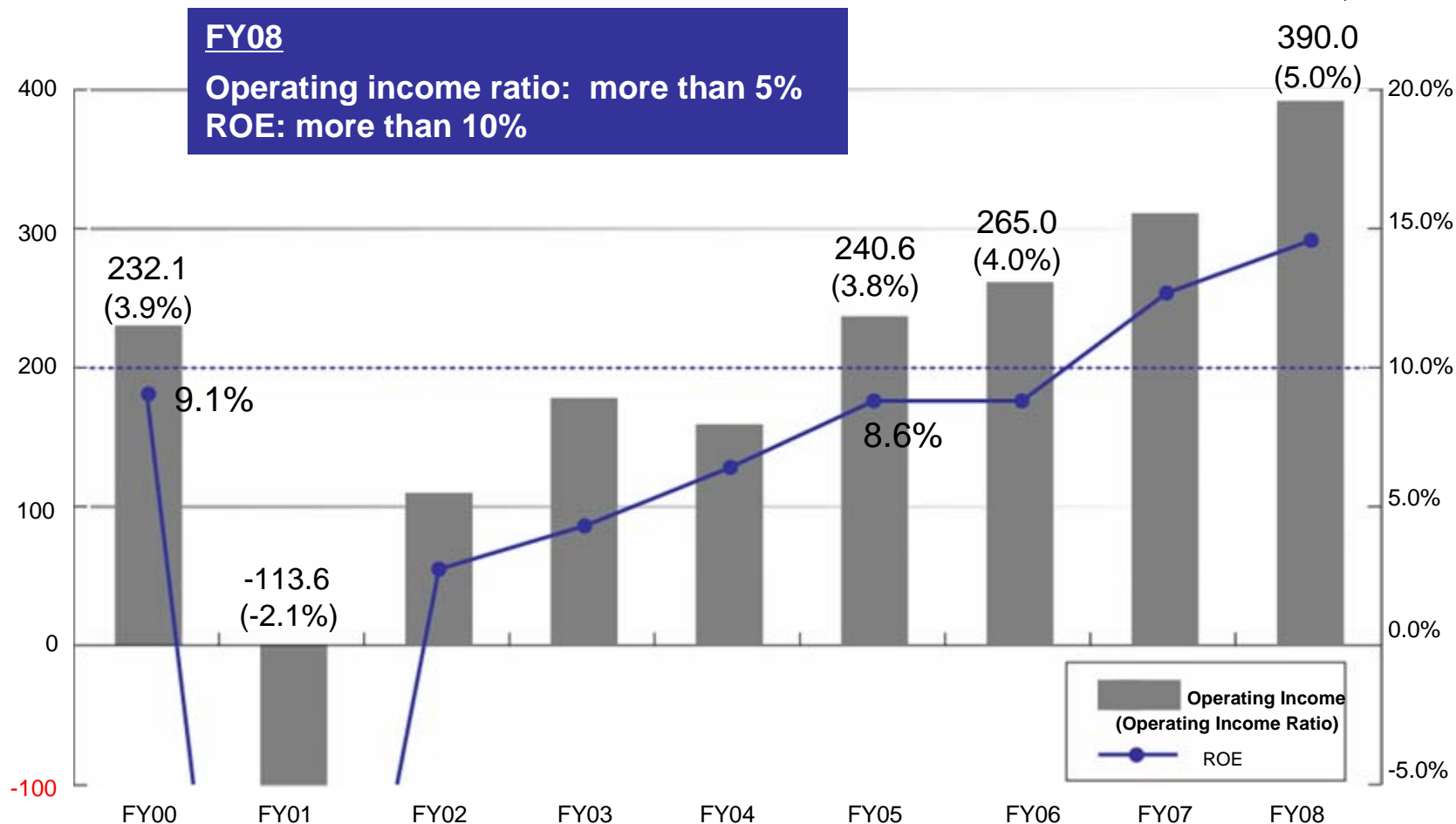
- Super high density storage
- Highly realistic images

Social Infrastructure

- Nuclear hydrogen production technology
- Next-generation medical diagnostic imaging technology
- Super high-speed rechargeable battery

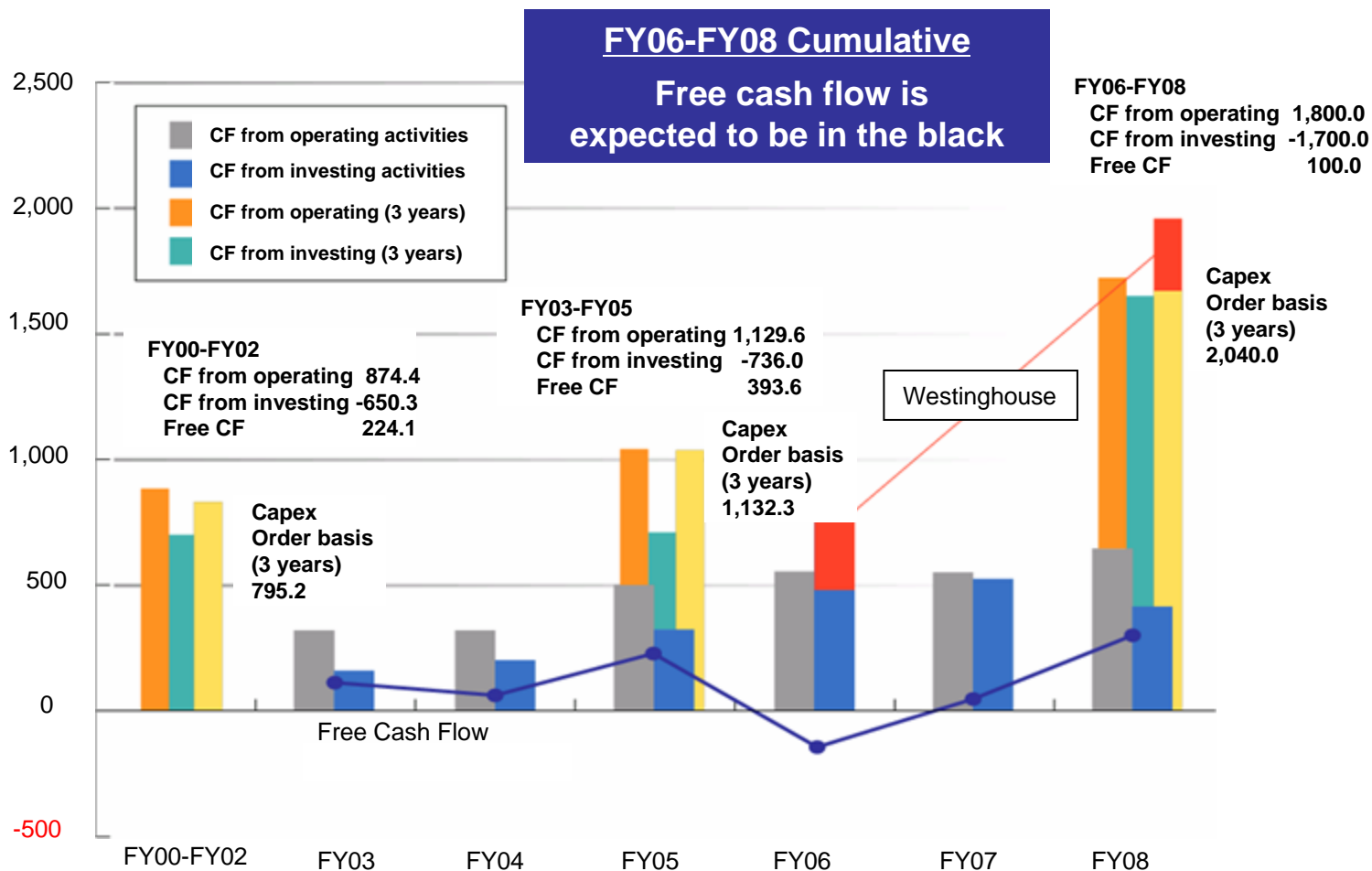
Financial Strength - Improve Profitability

(Bil. Yen)

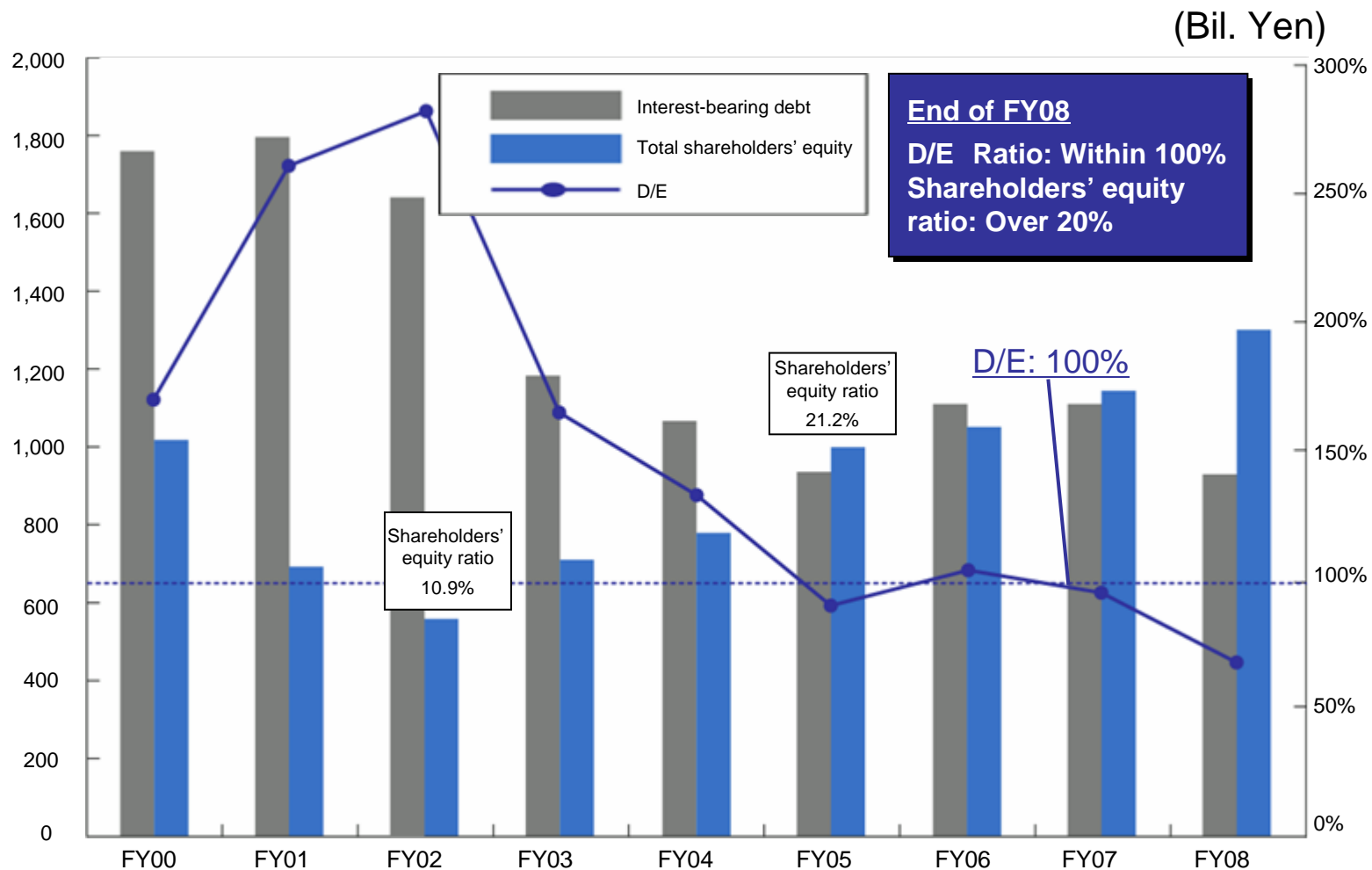


Financial Strength – Cash Flow

(Bil. Yen)



Financial Strength - Shareholders' equity and Interest-bearing debt



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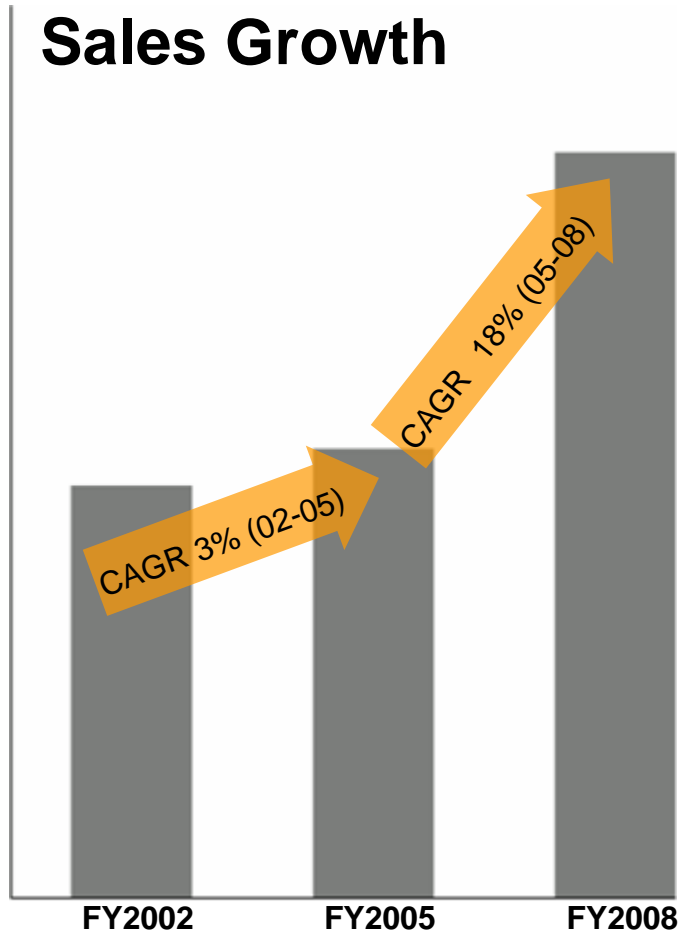
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Electronic Devices Business

Sales Growth



Key Policies: Secure high growth and expand high profit businesses

- Expand NAND business
- System LSI, Power devices, Optoelectronic devices, Reinforce displays
- SED, Cell, Commercialize fuel cells (DMFC) for mobile use

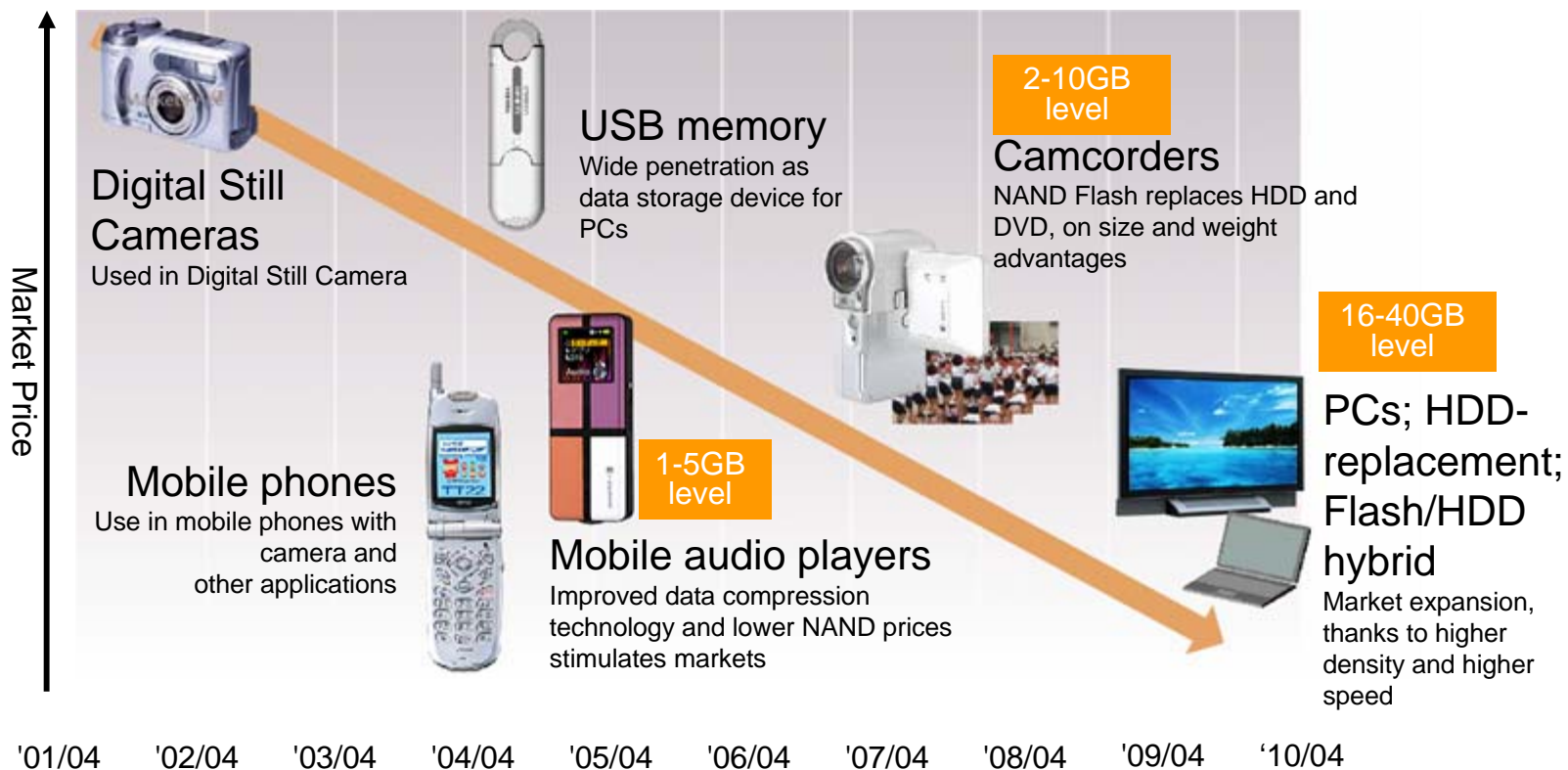
NAND Flash Strategies

- **Strong leadership in Advanced Process Technology and Multi Level Cell Technology**
- **Increased Production Capacity: Timely and Continuous Investment**
- **Establishment and Reinforcement of Business Relations** (Cooperation in development and production, Customized solution by customers)
- **Infrastructure Development for NAND Business Expansion** (Support card standardization, Reinforce NAND controller IC and software)

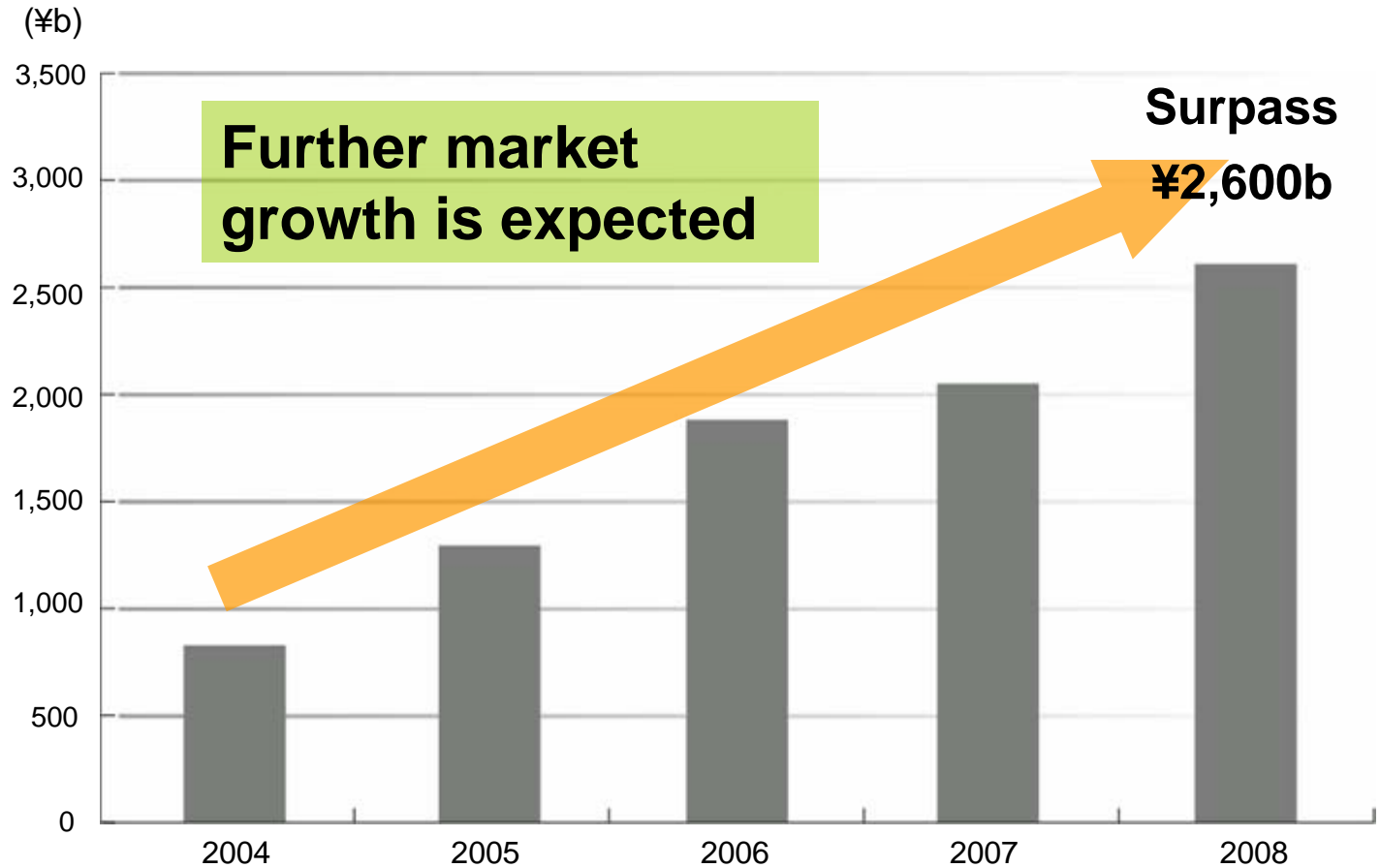


NAND Flash Price and Application Transition

Creating New Markets with Reduced Costs



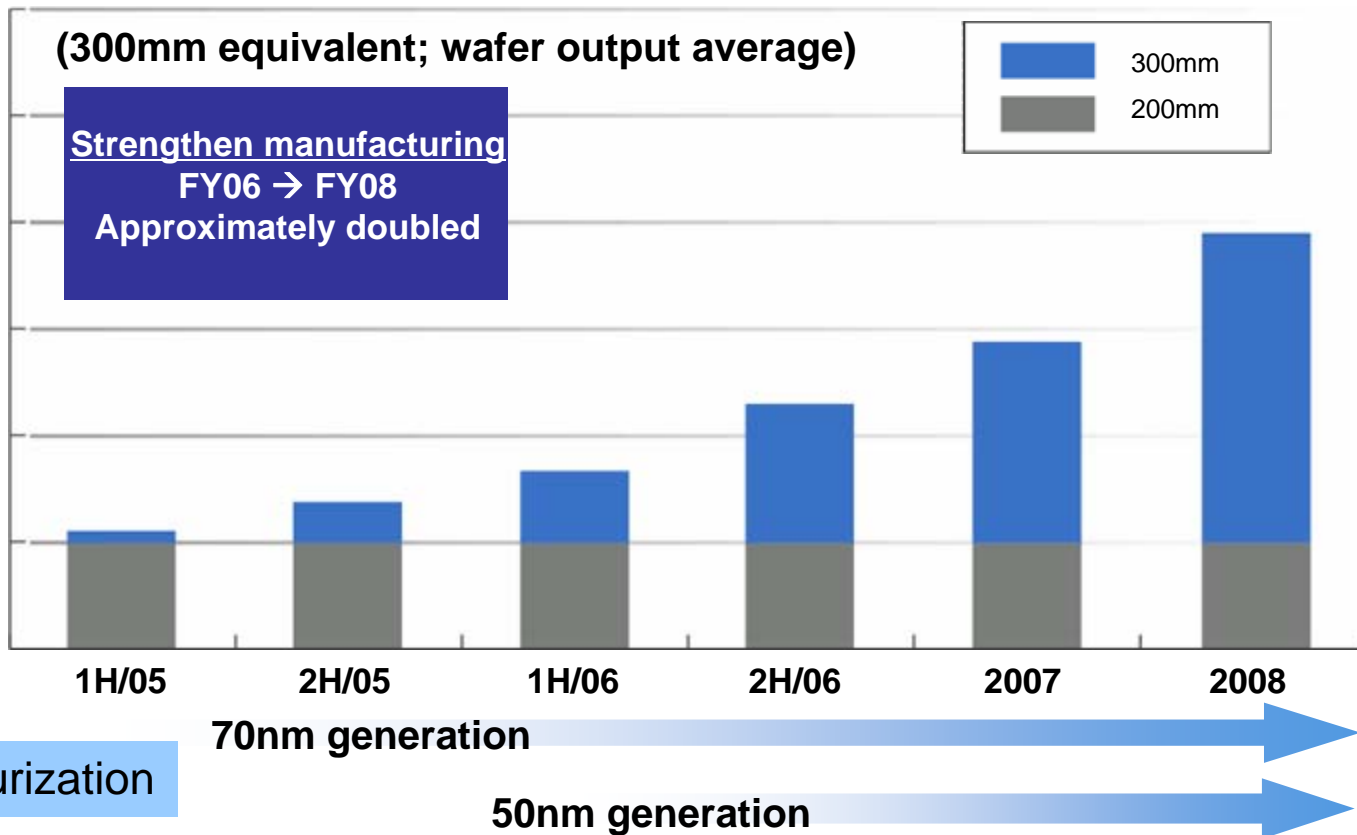
NAND Flash Market (by value)



(Source: Toshiba, with data from analysts)

Strengthen NAND Manufacturing Capability

~Accelerate Capacity Increases in 300mm wafers~



Development of SED

Business plans

Present	Establish mass production system
July 2007	Initial panel mass production (Hiratsuka)
	Start with 55-inch panels
4Q/FY07	Launch SED TVs
2008	Full scale panel mass production (Himeji)

Features of SED

Brings superior image quality matching that of a CRT TV to a flat panel TV for the first time, using different principles to achieve superiority over other flat panel technologies

- **Detail, natural colors (excellent gray-scale, color reproduction)**
- **True blacks, tone gradation (high contrast)**
- **No blur during action scenes (high speed response)**

Sales Coincide with Beijing Olympics

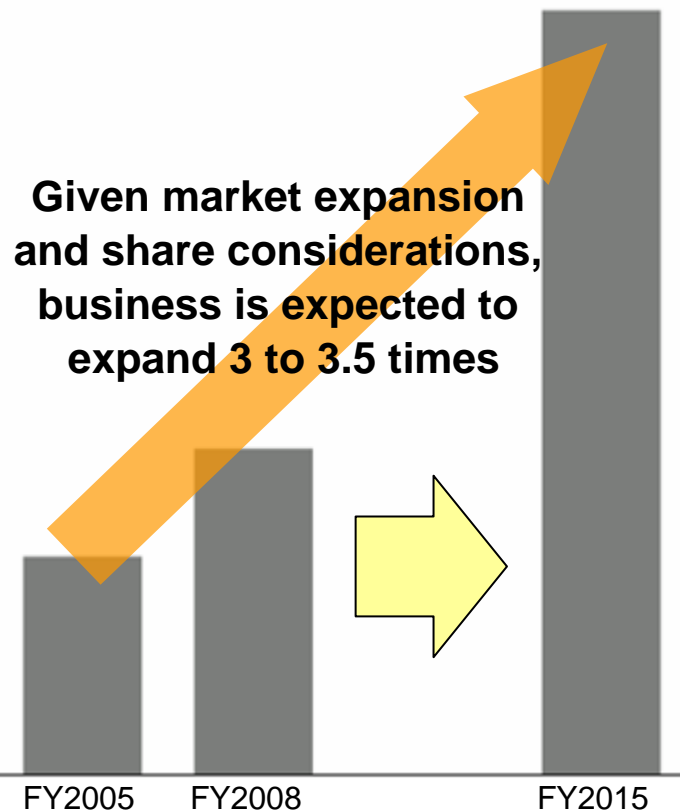
Launch products at time market starts to grow



Resistant to commoditization

Nuclear Power Business

Sales Growth



Basic Strategies: High growth, high profit

- Substantial business expansion due to synergies from Westinghouse acquisition
 - Construction: Promote sales of AP1000 in USA and China
 - Maintenance: Expand business scale in USA and Europe
 - Fuel: Expand business scale in USA and Europe
- Increase domestic profits in period before new round of plant construction
 - Promote unified maintenance and service business

Westinghouse Acquisition Schedule

- : CFIUS

- Application completed; approval pending

- : Anti-trust

- Korea: approved;
US: approval pending;
EU/Others: Apply in due course

- : Acquisition procedures

- plan completion in 2Q FY06



Expect To Start New Framework this Autumn

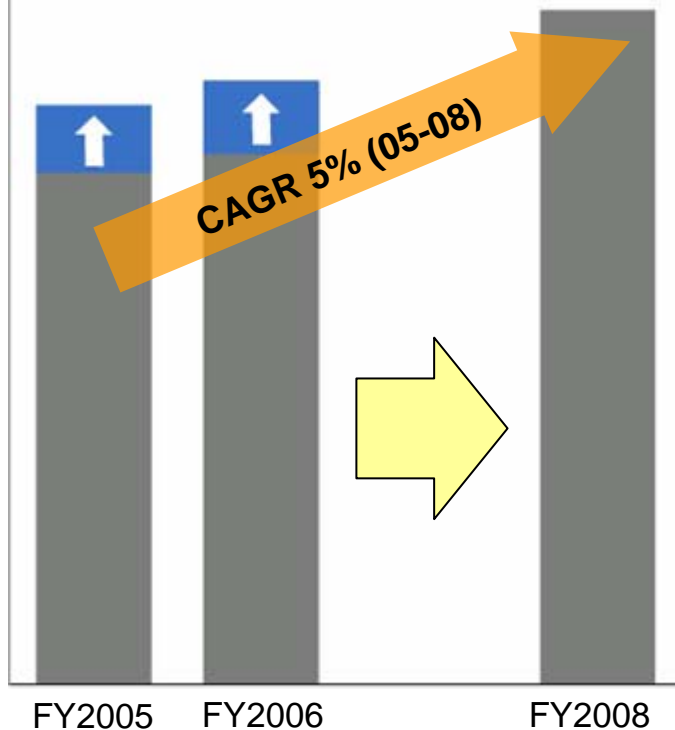
Note: CFIUS: Committee on Foreign Investment in the US

Medical Systems Business

(Toshiba Medical Systems Corporation)

Sales Growth

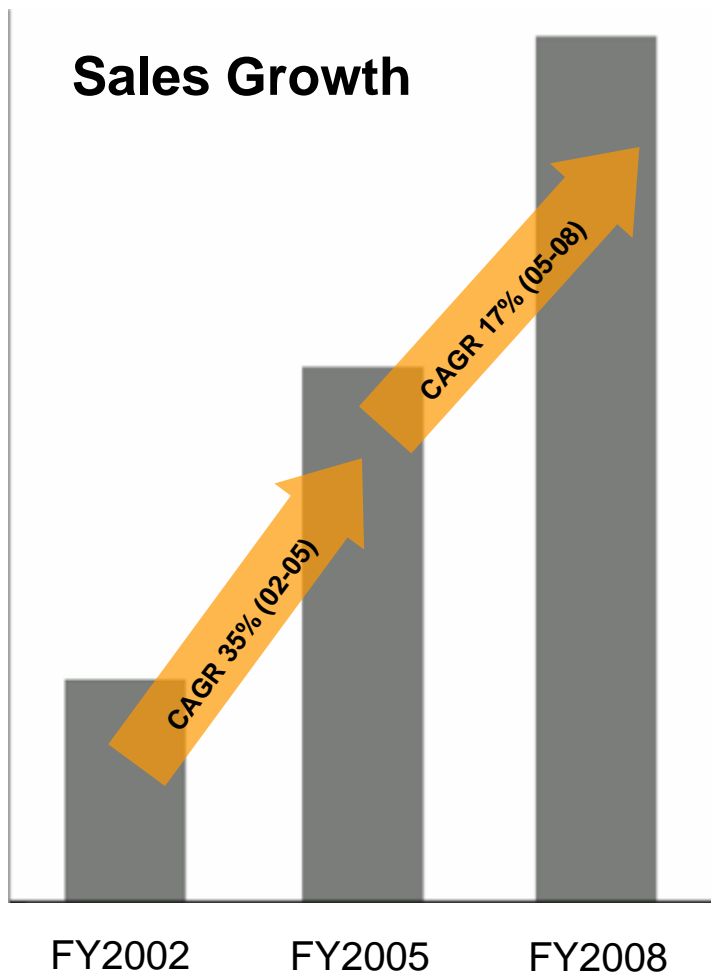
- Revised up from previous plan
- Aim for net sales of ¥400b in FY2008



Basic Strategies: Global high growth through technology leadership

- Expand total solutions business
 - 35% market share in Japan
- Increase overseas sales, mainly in the US and Europe
 - 51% of overseas sales ratio
- Enhance global R&D
 - Promote network in the U.S., Europe and Asia
- Maximize clinical value
 - Differentiation with high value-added products
- Enhance health care IT business

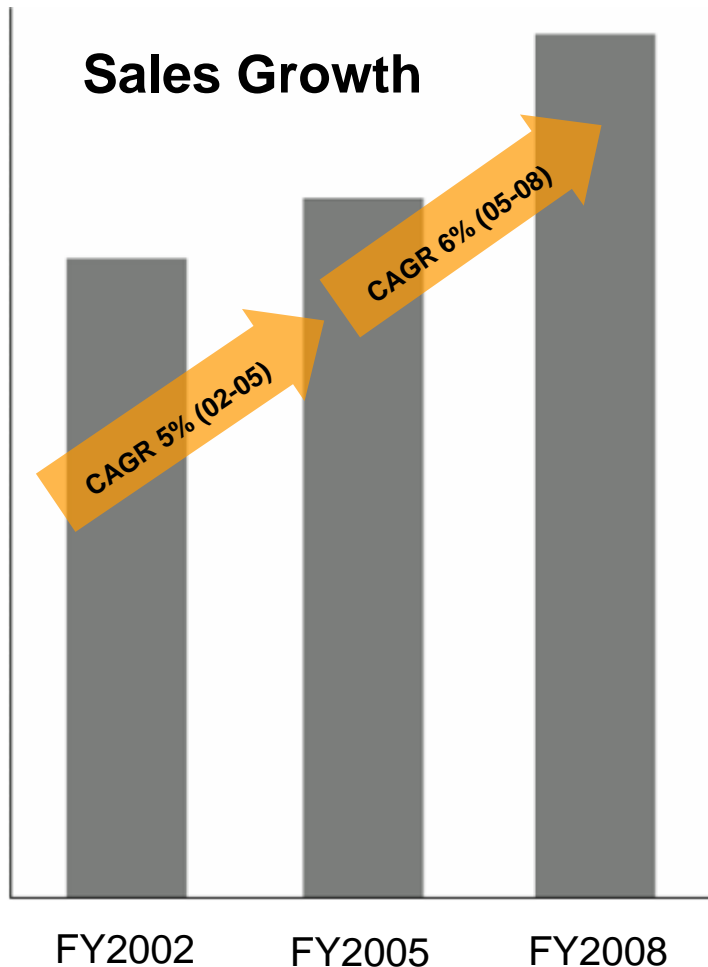
Storage Business (HDD)



Basic strategies: Concentrate on 2.5-inches and smaller; No.1 in market

- Ensure competitiveness by continued capital expenditure
 - Raise manufacturing capability 1.7 times (2005→2008)
- Realize high functions and quality
 - perpendicular data recording, miniaturization/high density higher capacity models
- In addition to PC and peripheral uses, develop new fields, such as in-vehicle and AV equipment, mobile products, etc.

PC Business

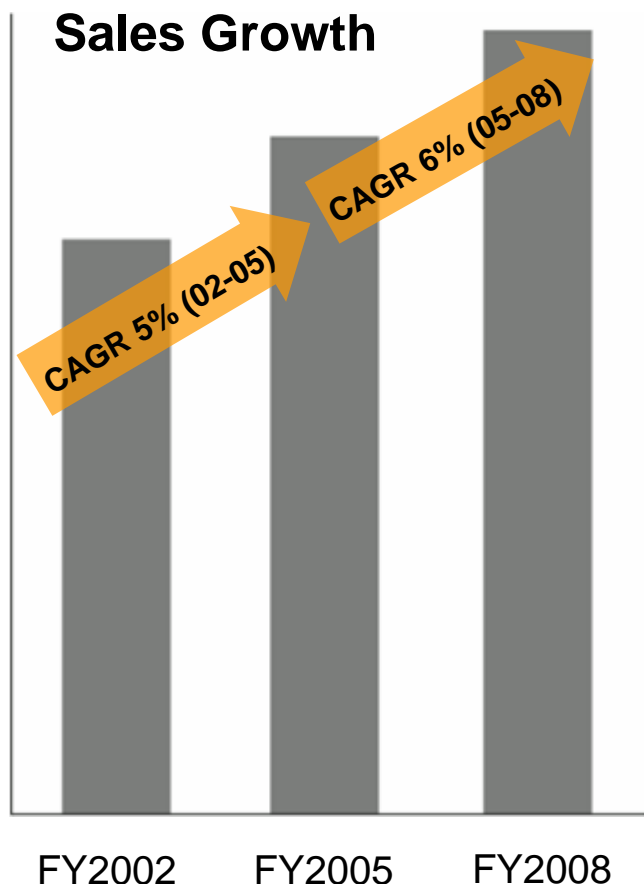


Basic strategies:

Promote Differentiated Products

- Create value for customers with continuous launch of differentiated products
 - Qosmio: “convenient,” “easy,” with “clear picture”
 - Easy Guard “anytime,” “anywhere,” and “safe / secure”
 - Promote captive technologies with eight IP strategies
- Continuous growth in portable market
 - Strengthen cost competitiveness with productivity improvement
 - Strengthen quality
- Pursue environmental performance
 - Environmentally conscious PCs

AV Business



Basic Strategies:
Reinforce competitiveness,
promote renovation

- Rapid shift to the next generation DVD (HD DVD)
- Launch SED TV (2H/FY07)
- Become a global leader in FPD-TV
- Lead the global market with PEP (Personal Entertainment Player)
- Secure profitability through restructuring

Flagship Product Plan in AV Business

FY2006

FY2008

LCD TV



Decommoditized Products

- Differentiate large-scale LCD TV (Full HD, network technology)
- Improve recognition of "REGZA" by vigorous investment in advertising
- Execute geographical strategies, raise FPD production capacity and refine rear-projection TV and CRT

- Launch SED TV (FY07)
- Expand full HD line-up up to medium size SCD TV
- Expand line-up of LCD TVs integrating IPS (from JV)

HD DVD Player/Recorder



Rapid ramp-up of HD DVD

- Rapid shift from current DVD business to HD DVD
- Vigorous investment in development and advertising

- Deliver second-generation mainstream models
- Enrich HD DVD contents

Portable Media Player



Differentiation in hardware and alignment with software and contents

- Bring PMC-integrated devices to market
- Launch differentiated products by decomoditization strategy
- Expand business opportunities by partnership strategy

- Close tie-ups with distributors
- Enhance large-capacity and high-resolution

HDD Movie Camera



Commercialization of Large Capacity Movie Camera

- Full-scale launch of HDD movie camera and establish revenue base

- High definition
- Lighter and smaller

Structural Reform in AV Business

- Structural reform has made progress. Undertake continuous review of reform
 - Raise level from improvement to innovation with i cube PJs
 1. Reduce inventory assets
 2. Analyze and improve inferior quality
 3. Fully enforce procurement CR to resist price erosion
 4. Reduce fixed costs
 5. Examine costs at development stage
 6. Reduce global logistics costs

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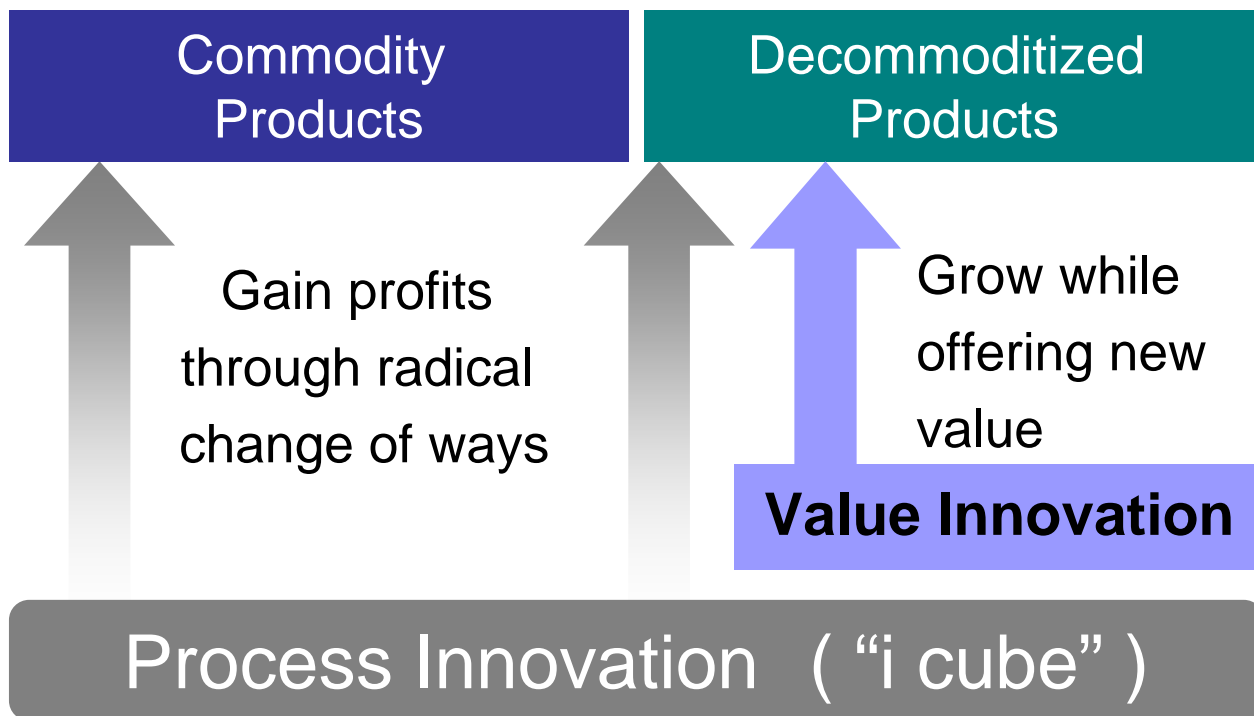
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Two Innovations to Realize Sustainable Growth

Process Innovation + Value Innovation



What is i cube?

**R&D Process
Innovation**



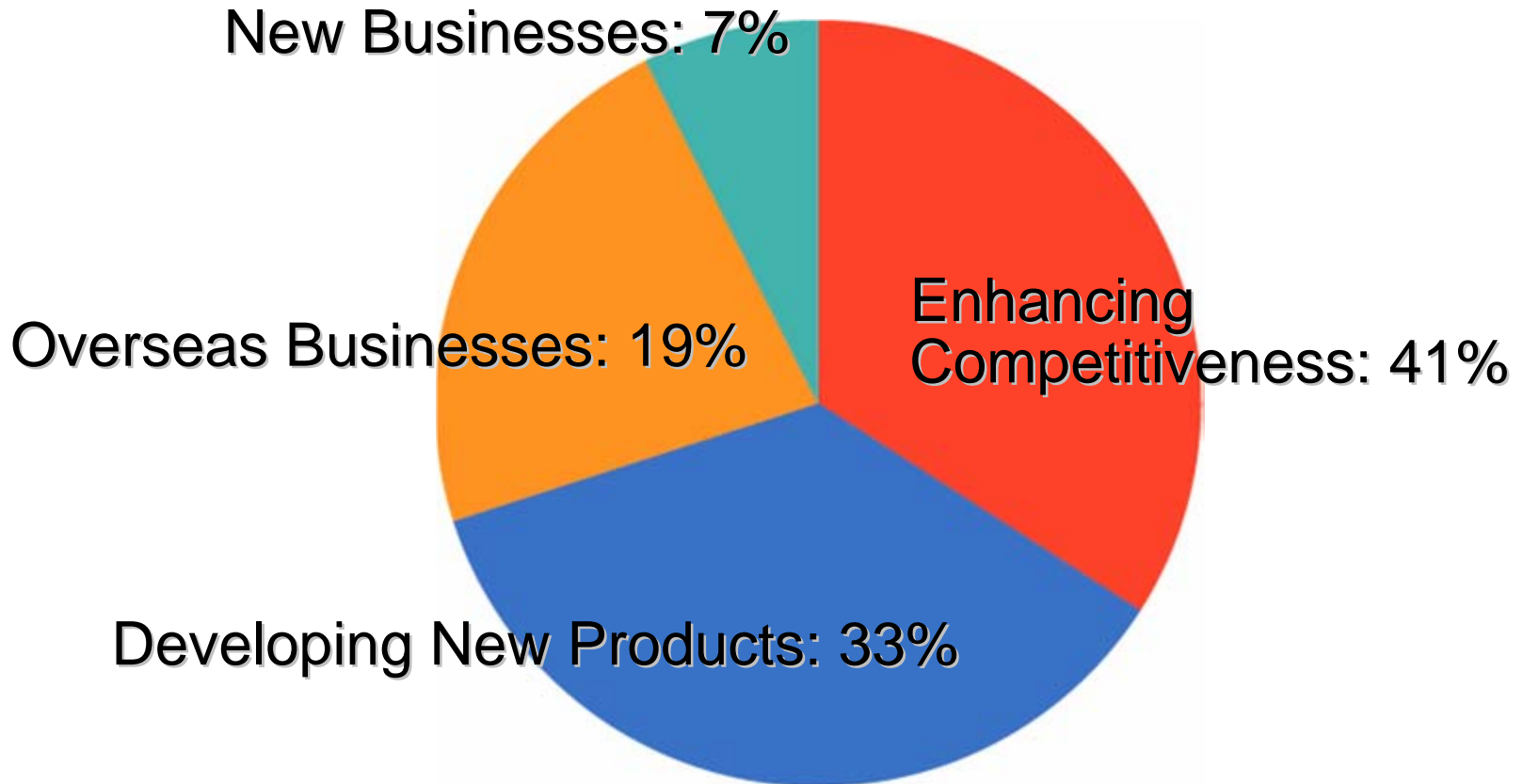
**Marketing Process
Innovation**

**Production Process
Innovation**

Connect with the
power of innovation

i cube is a Toshiba Group program that drives systematic advances in innovation. It cultivates new ways of thinking that fuse knowledge derived from all aspects of operations through application of Toshiba's management innovation methodologies.

Themes for Promoting i cube



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CSR Management

Toshiba is a Global Group Trusted Worldwide

Basic Principles of CSR Activities

Toshiba Group Slogan

**Committed to People,
Committed to the Future. TOSHIBA**

Respect stakeholders

Promote technological innovation and create new value

Contribute to a better global environment

Contribute to the development of society as a good corporate citizen



Major Emphases in CSR Activities

1. We prioritize “human life & safety” and “legal compliance” in all business activities.
2. Leading role in environmental activities:
Through execution of Environmental Vision 2010 and our Fourth Voluntary Plan, we contribute to a sustainable society.
3. Global Promotion of CSR Activities:
We share the universal values of global society and coexist with each regional society as a good corporate citizen.
4. Information Disclosure and Communication:
We make full information disclosure and proactive communications, achieving accountability.

Efforts for Strengthening Compliance

We prioritize “human life & safety” and “legal compliance” in all business activities.

- Thorough Compliance Policy and Measures in Marketing**
- Preventative Measures to Avoid Misrepresentation of Test Data**

Toshiba Group's Environmental Vision 2010

**Committed to People,
Committed to the Future. TOSHIBA**

Contribute to sustainable development of the Earth throughout our business processes and products

**Double overall eco-efficiency
(FY2010/FY2000)**

**Product
eco-efficiency**

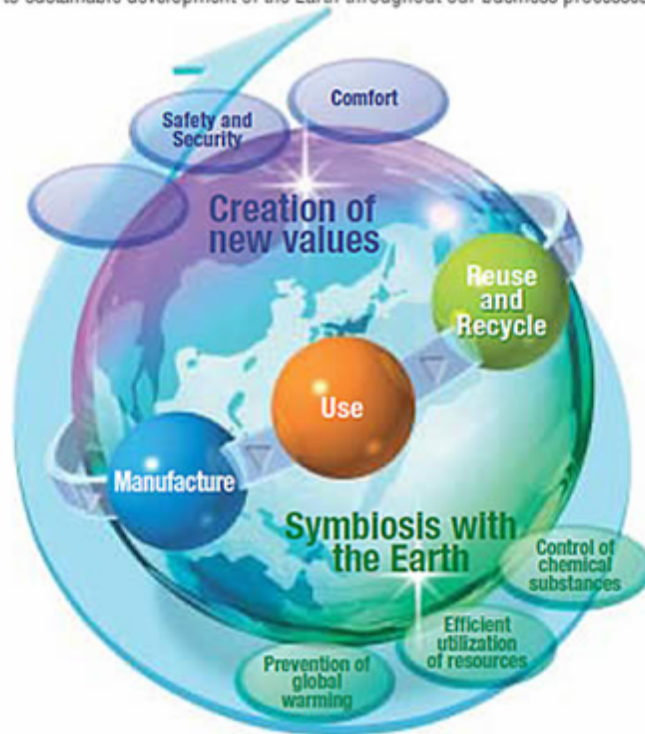
Factor T – Products
2.2

Improvement of product value, environmental impact of product throughout its lifecycle

**Business process
eco-efficiency**

Factor T – Process
1.2

Improvement of sales, environmental impact of entire business process



Fulfilling responsibilities as a global corporate citizen

Promote Voluntary Environmental Plan

Enhance product eco-efficiency

(1) Provide environmentally conscious products

- Create environmentally conscious products throughout product lifecycle

(2) Abolish specific hazardous chemical substances

- Comply with RoHS regulations and expand voluntary adoption of applicable substances

Implement business process innovation

(1) Prevent global warming

- Achieve business expansion and reduction of CO₂ emissions
- Reduce CO₂ emissions associated with product logistics

(2) Promote effective use of resources

- Pursue zero emissions and promote product recycle program

(3) Control chemical substances

- Improve production processes and reduce emissions

Goals for Fiscal Year 2008

Net Sales	7.8 trillion yen	7% CAGR from FY2005 4% CAGR from FY2002 to FY2005
Operating Income Ratio	Over 5%	3.8% in FY2005
D/E Ratio	Below 100%	92% in FY2005
ROE	Over 10%	8.6% in FY2005
Capital Expenditures	2.04 trillion yen	in three years from FY2006 to FY2008; 61% to Electronic Devices
R&D Expenditures	1.26 trillion yen	in three years from FY2006 to FY2008; equivalent to 6% of net sales



<http://www.toshiba.co.jp/index/htm/>