

TOSHIBA

Leading Innovation >>>

Taking the Initiative: Strategies for Continued Growth 2007

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April 12, 2007

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 Forecast for Fiscal Year 2006**

- **Business Strategies**

 - Basic Management Policy

 - Realize Sustained Growth with Profit

 - Maximize Multiplier Effect of Innovations

 - CSR Management

- **Outline of Mid-term Plan**

 - Sales & Operating Income, Capex, R&D

- **Strategies for Key Businesses**

 - Digital Products, Electronic Devices,

 - Social Infrastructure

FY2006 Business Forecast

Increased sales and increased income in two consecutive fiscal years, FY05 & 06

Record sales, fourth highest ever operating income

Planned consolidated dividend payment ratio: 30%

Unit: billion yen

	FY2006 Forecast (announced January 2007)	Comparison with FY2005
Net Sales	7,000	+656.5 *10.3% increase
Operating Income	250 (3.6%)	+9.4
Income before income taxes and minority interest	290 (4.1%)	+111.8
Net Income	120 (1.7%)	+41.8

Aim for further growth through continuous creation of innovations

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Basic Management Policy

- **Realize Sustained Growth with Profit**

Shift management direction further toward growth and continue proactive management through strategic allocation of resources

- **Maximize Multiplier Effect of Innovations**

Enhance global competitiveness through Process Innovations and Value Innovations

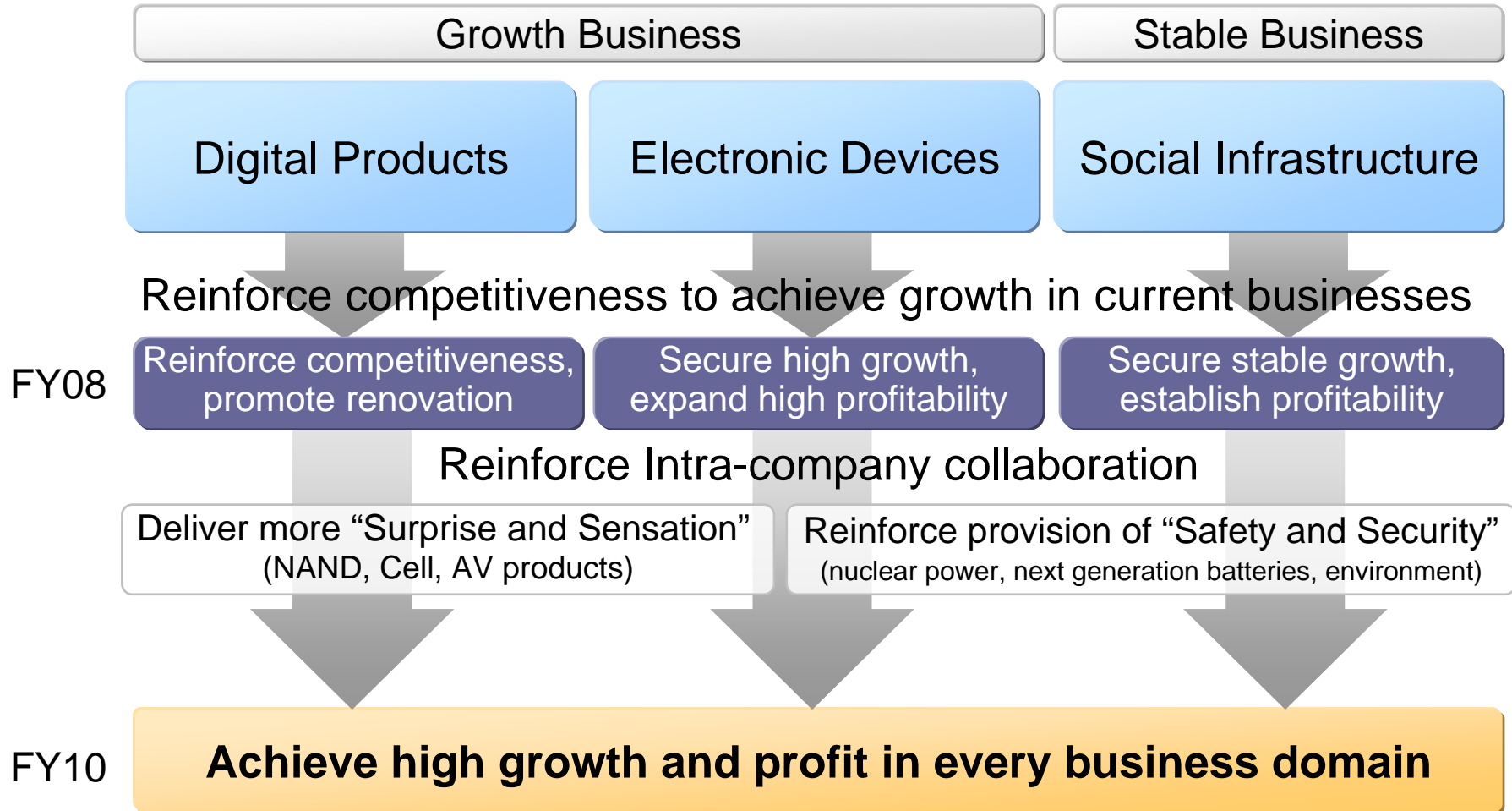
- **Execute Management with Corporate Social Responsibilities**

Prioritize human life and safety, and legal compliance in all business activities, and evolve as a global group recognized for responding to social and environmental concerns

Realize Sustained Growth with Profit

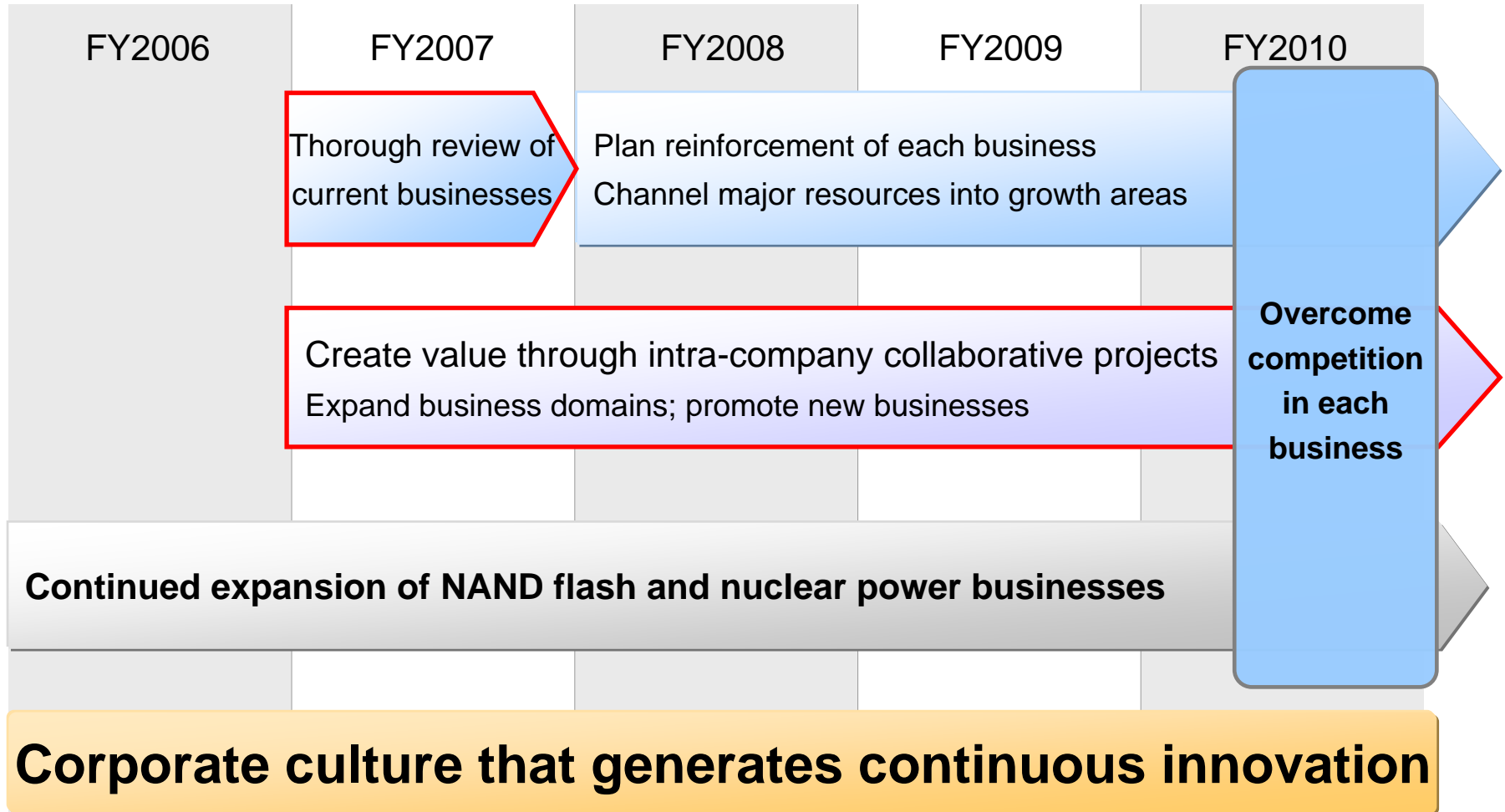
Vision of FY2010

Achieve Sustained Growth with Profit in All Business Domains



Realize Sustained Growth with Profit

Roadmap toward FY2010 Vision



Realize Sustained Growth with Profit

Targets for FY2010

	Targets for FY2010	FY2006 Projection
Net sales	9.5 trillion yen	7.0 trillion yen
Operating income (Operating income ratio)	480 billion yen (5.0%)	250 billion yen (3.6%)
Return on equity	15%	11.6%
Shareholders' equity ratio	over 20%	18.6%

Maximize Multiplier Effect of Innovations



We define innovation broadly from

small improvements up to

completely new ways to increase our ability to generate value from available resources and maximize profits.

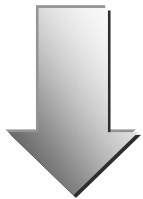


Maximize Multiplier Effect of Innovations



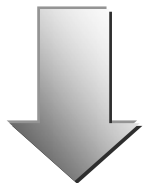
The 21st century is an age when change becomes commonplace
Just maintaining the status quo requires us to move at 2 or 3 times
the speed of the past

Sense of Urgency



- Benchmark from a broad, long-term perspective
- Essential for creating continuous innovations

Customer value, calculated risk, challenge contradictions



- Collect the wisdom of Toshiba Group, breakthrough conventional thinking to reach a new level

Maximize the Multiplier Effect

Toshiba Innovations: Examples



Deliver products that support ubiquitous connectivity

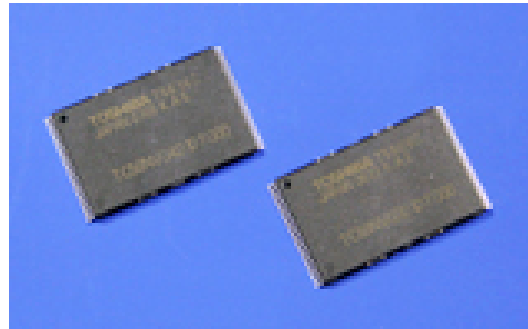
Next-generation terminals

Windows Mobile 6
Cell phone with keyboard



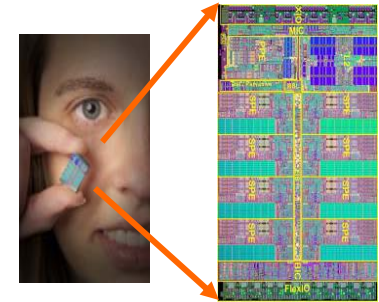
Higher capacity NAND

16Gb NAND, 56nm process



Next-generation CPU

CELL chip



Next-generation AV products

HD DVD



High image quality TVs

REGZA
Full-HD LCD TV



Fuel cells

Fuel cells for mobile devices
DMFC (prototype)



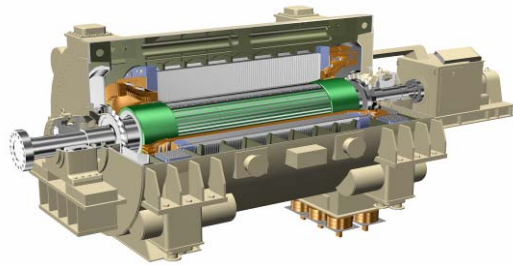


Toshiba Innovations: Examples

Deliver products with consideration for the global environment

Environmentally friendly turbo-generator

Small and light, high-efficiency, reduced-emission-type turbo-generator (reduce environment loads, including CO2)



Robust PC

Long-term-use PC including adoption of HDD protection (reduce waste)



Next-generation battery

Super charge battery (prototype)



Highly efficient lighting

LED downlight E-CORE



Highly efficient cleaner

Typhoon Robo



Toshiba Innovations: Examples



Next Generation Display

Organic LED Display
Showcased at International FPD Expo,
April 11-13, 2007



Next Generation Diagnostic Imaging System

256-Slice CT
Results of clinical evaluations to be announced
at Japan Radiological Society seminar,
April 13-15, 2007



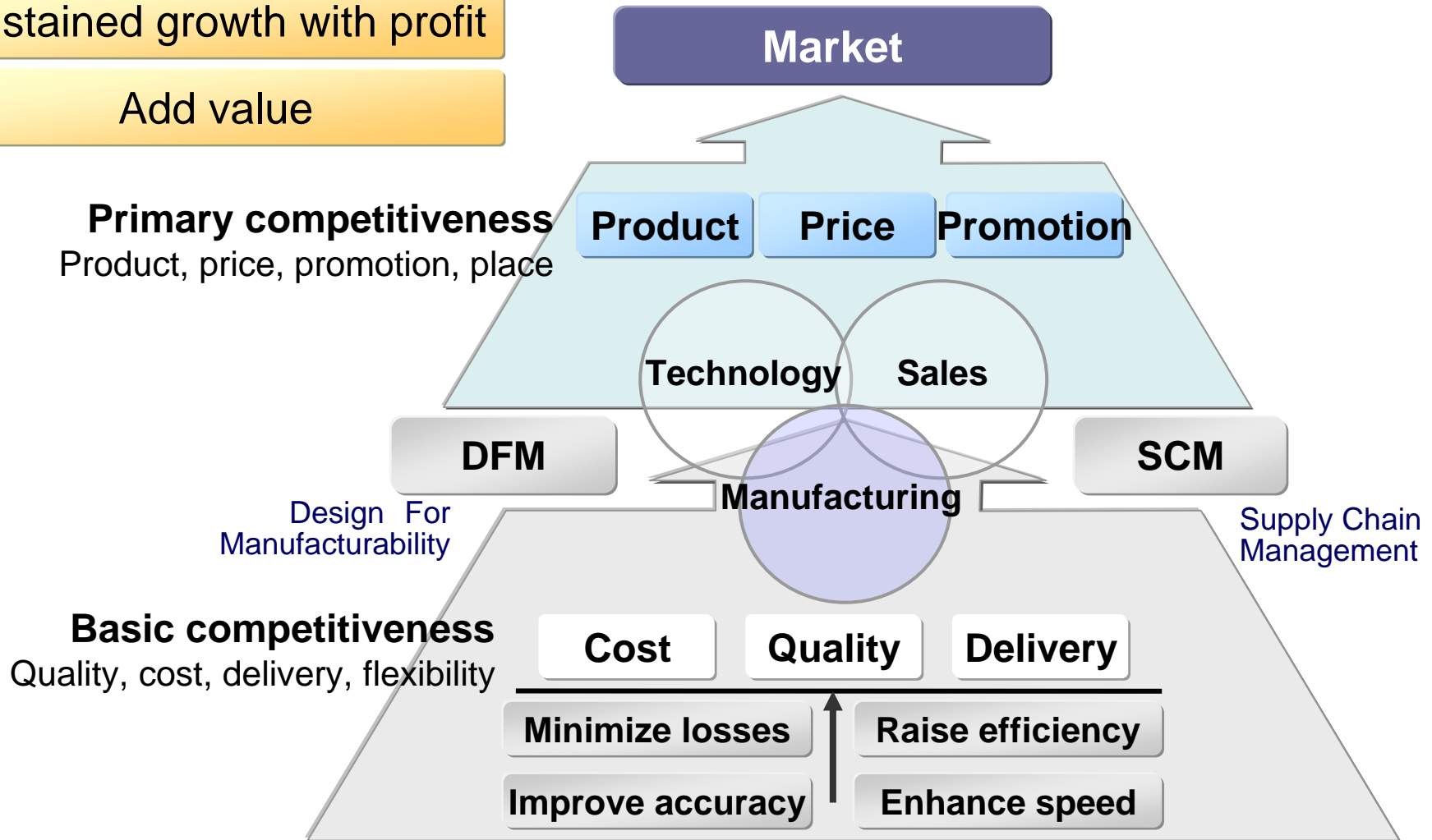
Maximize the Multiplier Effect of Innovations



Innovation To Strengthen Manufacturing

Sustained growth with profit

Add value



Earning Global Trust

Committed to People, Committed to the Future

- 1. Give the highest priority to human life & safety, and to legal compliance in all business activities.**
- 2. Global Promotion of CSR Activities**
 - (1) Contribute to a sustainable society through a leading role in environmental activities
 - (2) Respect diversity, contribute to regional society
- 3. Proactive information disclosure and communication**

CSR Management

Environmental Management: Reduction of CO2 Emissions...

...from power plants

- Nuclear power plants
Cut CO2 emissions to one forty fifth of coal powered plants
- Higher temperature, higher efficiency thermal power plants
Cut CO2 emissions by 150Kt a year

...from the home

- “Daiseikai SDR series” air conditioner
CO2 emissions reduced by 45%
(Benchmark: 1996 Toshiba products)
- Efficient LED downlight E-CORE
CO2 emissions reduced by 85%
(compared with incandescent lamp)

...from Toshiba's plants

- Clean room ecology project at semiconductor facilities
Cut CO2 emission rate by 25%
(Benchmark: FY1990)

... from vehicles

- Motors for hybrid electric vehicles
Cut CO2 emissions by 10 to 20%
(Source: Environmental Restoration and Conservation Agency)

CSR Management

Environmental Management: Voluntary Environmental Plan

Double overall eco-efficiency (FY2010/FY2000)

Product eco-efficiency: 2.2 times, Business process eco-efficiency: 1.2 times

	Indicator	Plan of FY2006	Target for FY2010
Provision of environmentally conscious products (ECPs)	Ratio of ECPs to net sales	28%	Expand to 60%
	Eliminate use of certain chemical substances (15 substance groups contained in products)	47%	Total eliminated
Prevention of global warming	Reduction of CO2 emission rate (compared with FY1990)	33%	Keep 25%
	Greenhouse gas emissions (other than CO2) (CO2 conversion ratio : compared with FY2000)	31% reduction	35% reduction
Effective utilization of resources	Zero waste emissions	Ratio of achieved sites: 39%	Achieve zero emissions at all sites
Management of chemical substances	Total emission of chemical substances to air and water	20% reduction	50% reduction

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- **Outline of Mid-term Plan**

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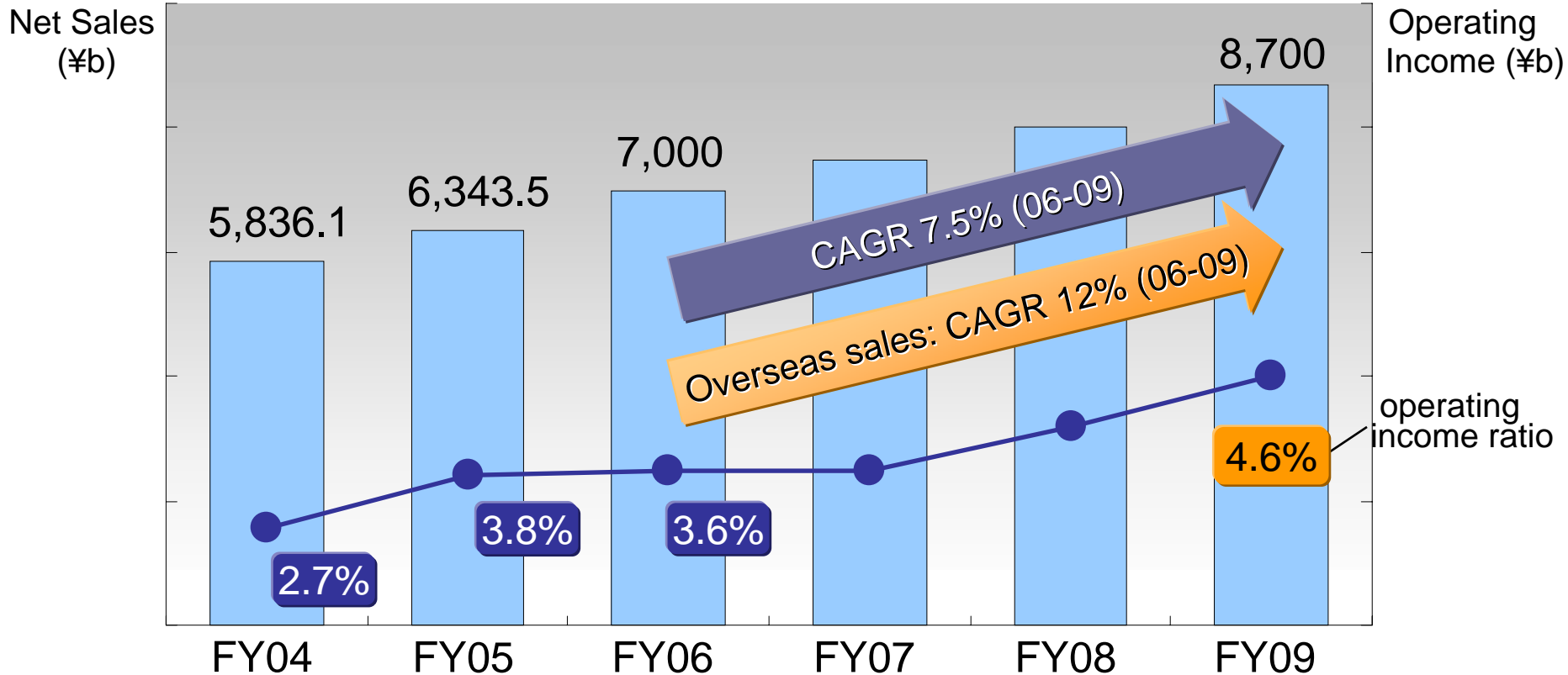
- **Strategies for Key Businesses**

 - Digital Products, Electronic Devices,

 - Social Infrastructure

Sales and Operating Income Plan

Sales growth: CAGR 7.5% (FY06-09); Operating Income: 400b yen in FY2009



Operating income and operating income ratios reflect Impact of changed depreciation system

Impact: FY07: minus ¥35b (operating income ratio: minus 0.5%)

FY09: minus ¥50b (operating income ratio: minus 0.6%)

Global Business Development

Realize sustained growth with profit
in overseas business of each key business group

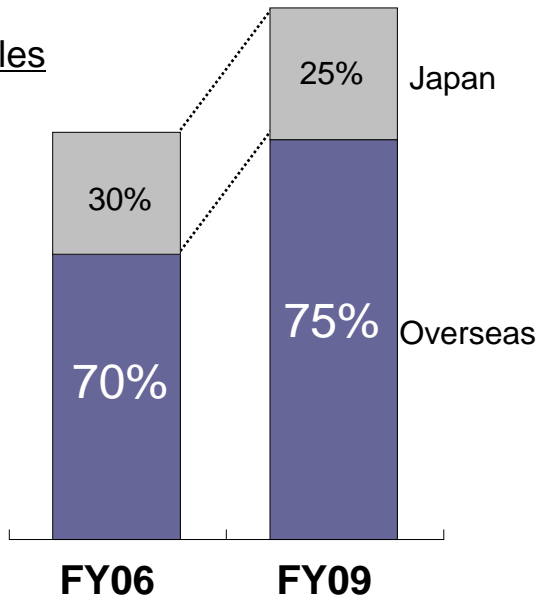
FY06 → FY09 Overseas Business

Net sales: 49% → 56%; Operating income: 35% → 50%

Digital Products

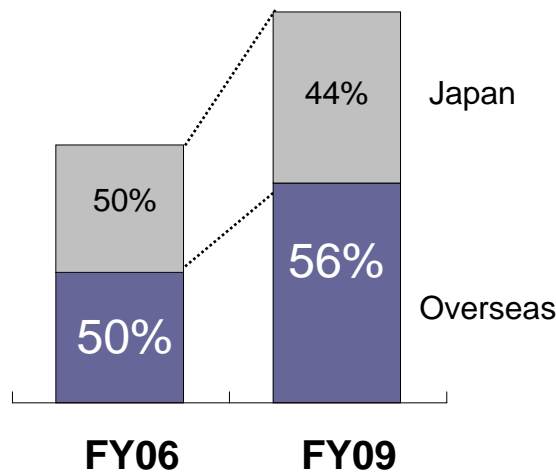
Expansion, mainly
in the US and Europe

Net Sales



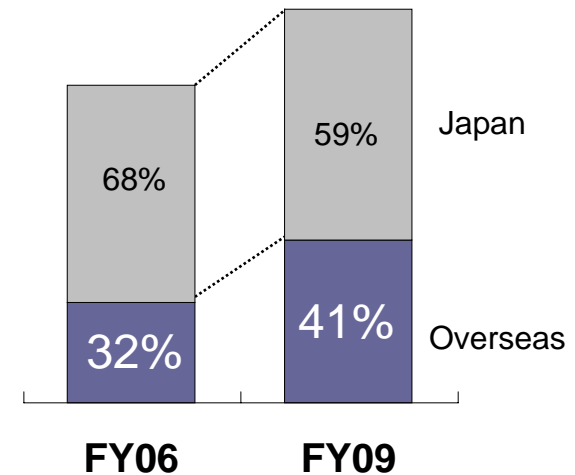
Electronic Devices

Semiconductor and displays
expansion in China and
other Asian countries



Social Infrastructure

Expansion in North America,
China and rest of Asia,
mainly in Power Systems



Goals by Business Segment

Digital Products: improve profitability
 Electronic Devices: expand profitability
 Social Infrastructure: maintain stable profitability

		FY2006 Forecast	FY2009 Plan	CAGR FY06-09
Digital Products	Net sales	2,780	3,430	7%
	Operating income ratio	0.5%	1.6%	
Electronic Devices	Net sales	1,590	2,330	14%
	Operating income ratio	7.2%	8.6%	
Social Infrastructure	Net sales	2,080	2,420	5%
	Operating income ratio	4.6%	5.0%	
Home Appliances	Net sales	740	840	4%
	Operating income ratio	1.4%	1.8%	

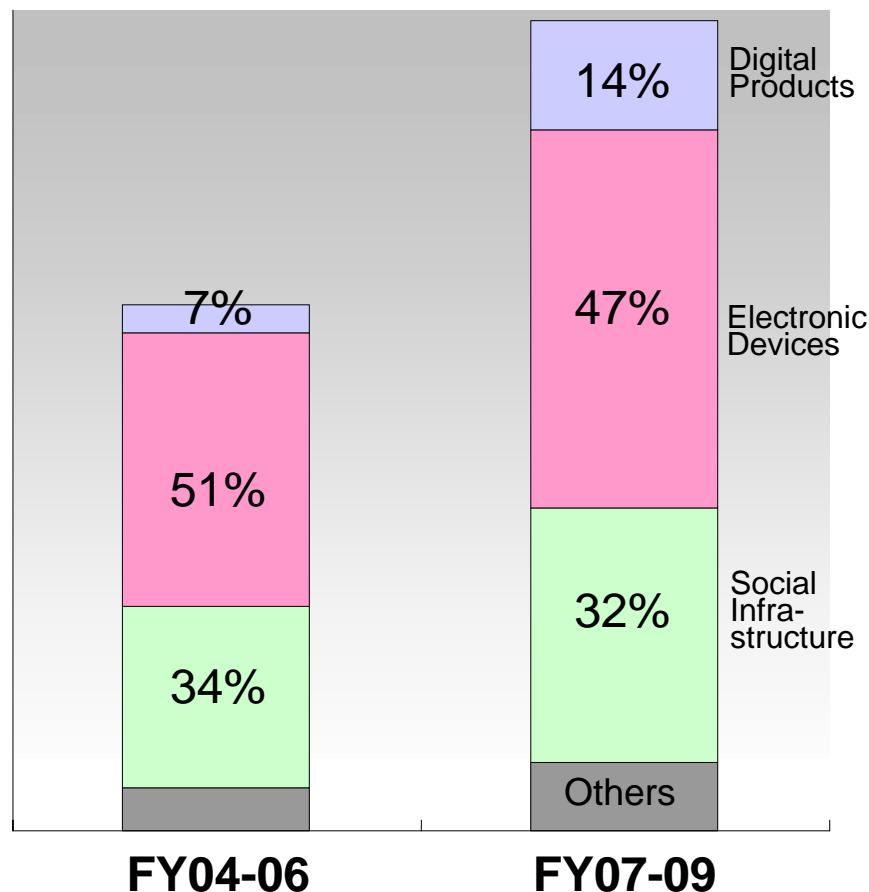
Unit: ¥b

FY2006 forecast: announced on January 31, 2007

Operating Income, by Key Domains

Electronic Devices to generate over 40% of operating income ratio

(¥b)



Digital Products

- Improve income from PC and AV product lines
- Steady income from the Mobile business

Electronic Devices

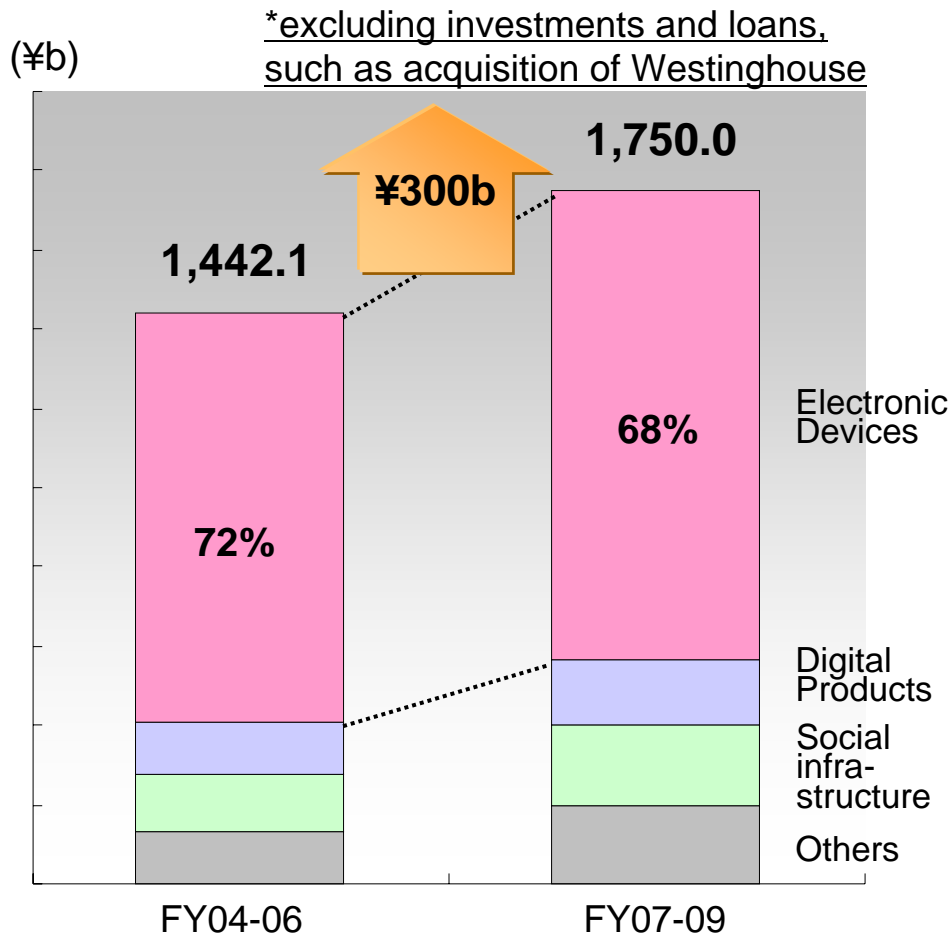
- Expand income from NAND flash memory and discrete semiconductors
- Improve income from the System LSI and display businesses

Social Infrastructure

- Expand income from power systems and medical systems
- Steady income from industrial and social infrastructure systems

Capex Plan

Continue proactive management
through a primary strategic focus on Electronic Devices
Boost by 300b yen in the next three years



Electronic Devices

- Invest over ¥1 trillion in Semiconductor business
- Includes plans for reinforcing Fab 4 and for Fab 5 NAND flash memory manufacturing facility
- Invest in new businesses, such as fuel cells

Digital Products

- Secure growth of TV and HD DVD businesses

Social Infrastructure

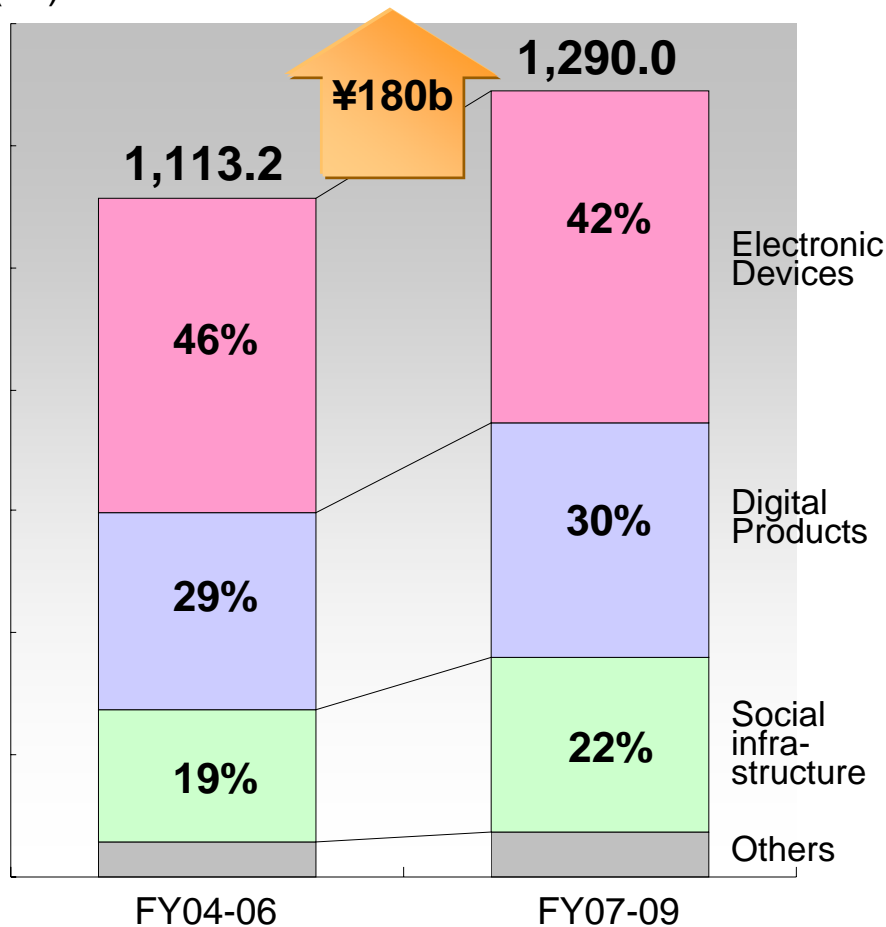
- Expand business through synergies from the Westinghouse acquisition
- Focus allocation on growth area, such as super charge battery

R&D Plan

Increase of about 180b yen in the three years from FY07

R&D expenditure ratio to net sales (FY07-09): 5.3%

(¥b)



Electronic Devices

- Next generation non-volatile memory
- Multi-core processor technology
- Small-sized methanol fuel cells

Digital Products

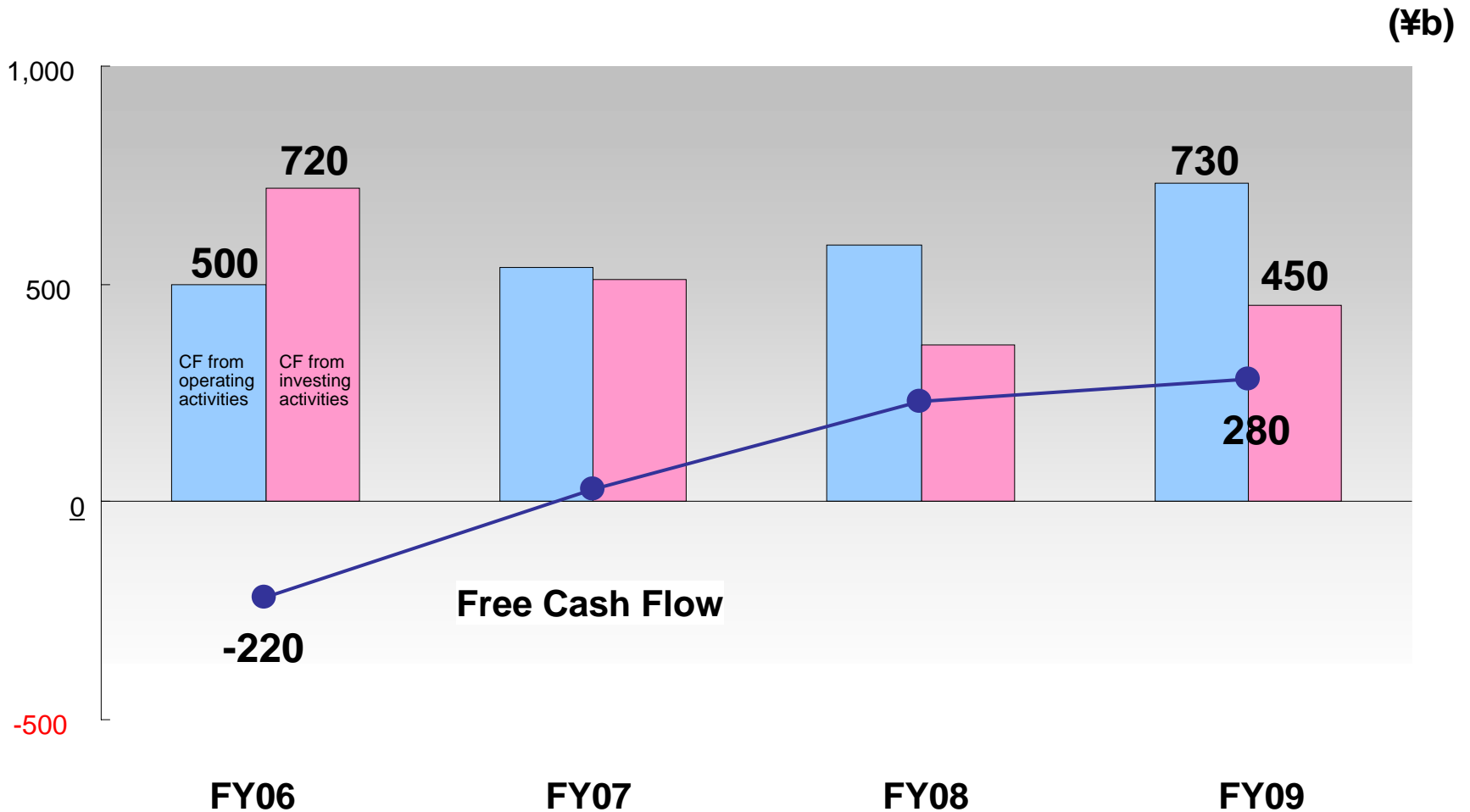
- HD image technology
- Digital home network technology

Social Infrastructure

- Higher performance technologies for nuclear and thermal power generation
- Next-generation diagnostic imaging technology
- Next-generation network technology

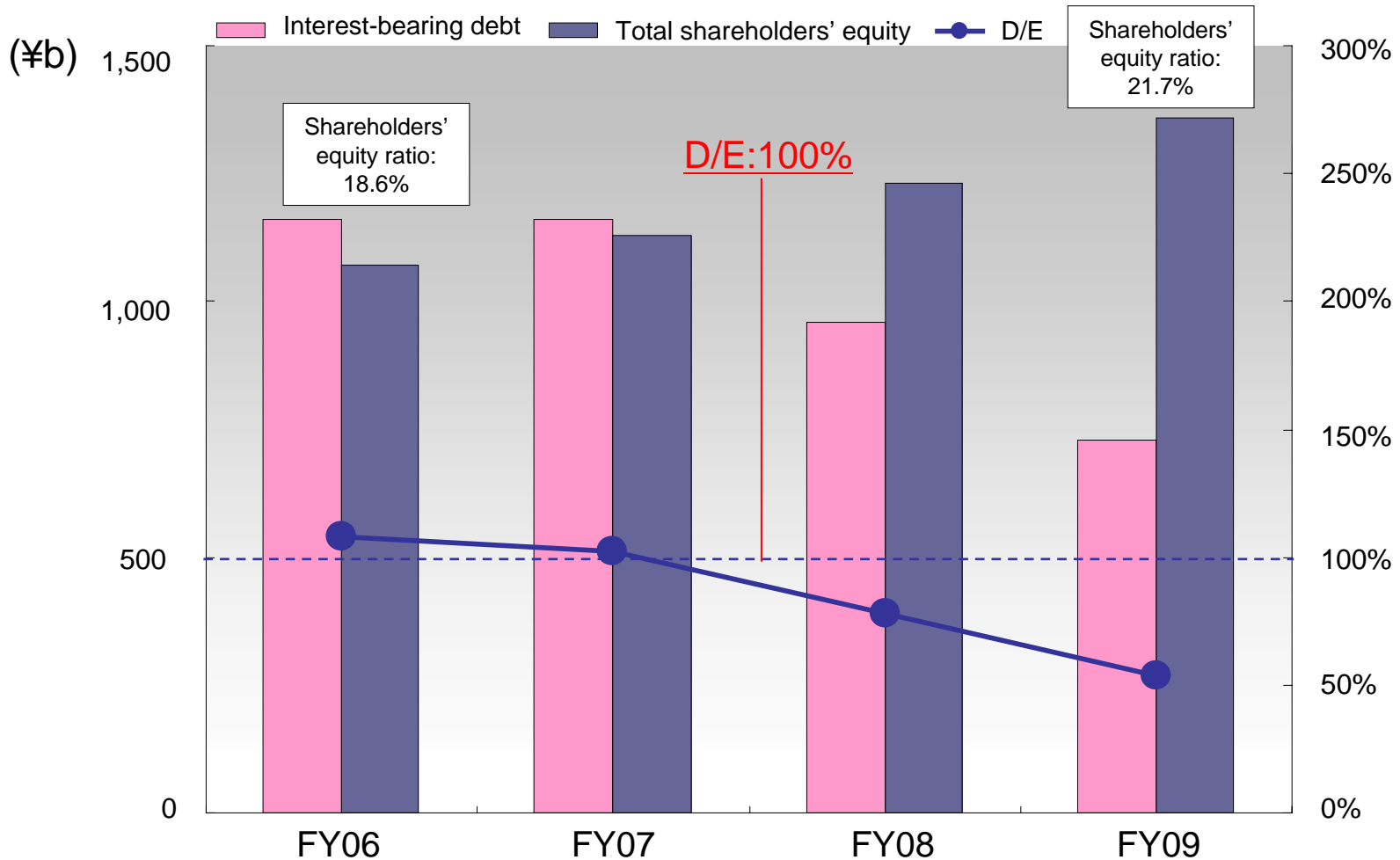
Financial Strength – Cash Flow

FY07 - 09 cumulative: Positive free cash flow of 540 billion yen is anticipated



Financial Strength – Shareholders' Equity and Interest-bearing Debt

End of FY09: D/E ratio below 100%
Shareholders' equity ratio over 20%



■ Business Forecast for Fiscal Year 2006

■ Business Strategies

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CSR Management

■ Outline of Mid-term Plan

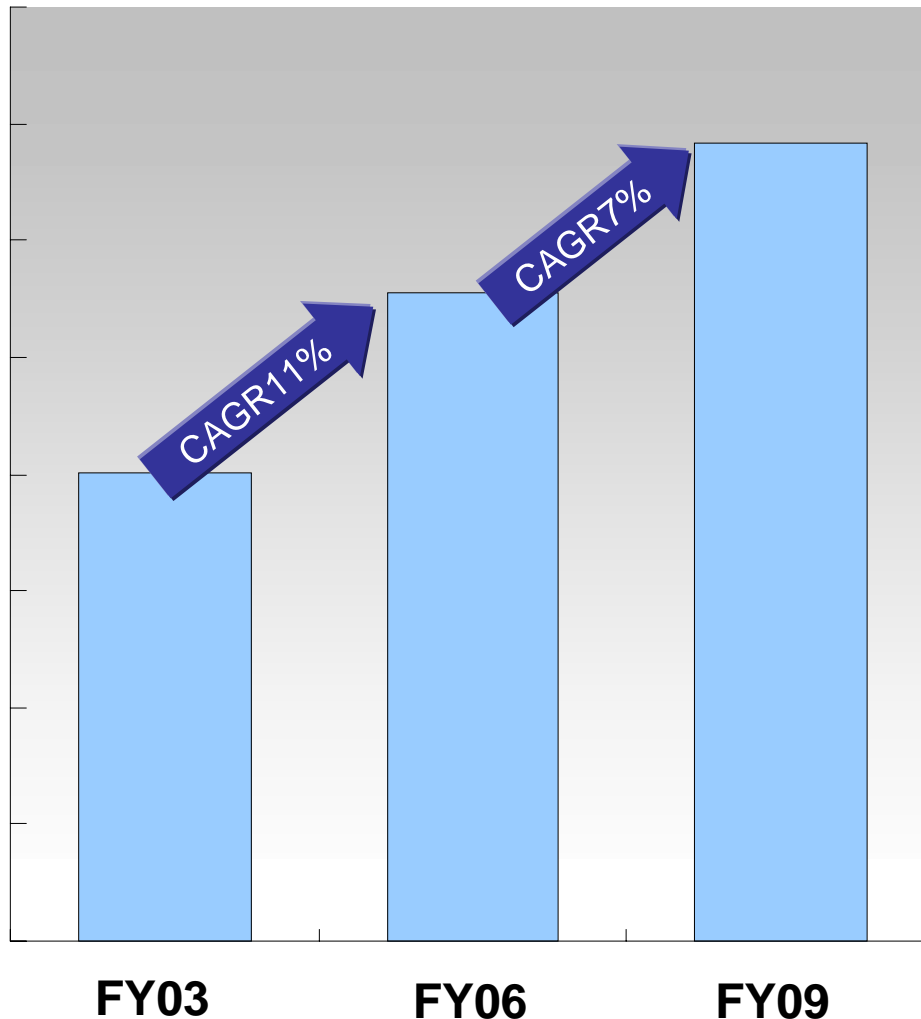
Sales & Operating Income, Capex, R&D

■ Strategies for Key Businesses

Digital Products, Electronic Devices,
Social Infrastructure

Digital Products Business Group

Sales Growth



CAGR (FY06-09): 7%

FY2009 Operating Income Ratio: 1.6%

Mobile Business

- Establish global business

PC Business

- Expand further in global business (BRICs) and high-quality technology
- Consider the environment

AV Business

- Establish business foundations and strengthen growing business

Digital Multi-function Peripherals and Retail Information Systems Business

- Maintain top share in domestic POS business
- Expand global business

Differentiation Technologies: Products

PC business



FY09 net sales target:
1,200 billion yen
FY06-09 CAGR: 7%

TV business



FY09 net sales target:
520 billion yen
FY06-09 CAGR: 11%

HD DVD player/recorder business



FY09 net sales target:
200 billion yen
FY06-09 CAGR: 187%

HDD business



FY09 net sales target:
380 billion yen
FY06-09 CAGR: 7%

Reinforce Intra-company Collaboration in Digital Products

Target: in-house companies, group companies

Mobile
Communications

Digital Media
Network

PC and
Network

Toshiba
TEC

Semiconductor

Toshiba Matsushita
Display Technology

Product Planning WG

Production Strategy WG

Integration and sharing of
production sites
Unify procurement
Achieve efficient logistics
Expand production know-how

Marketing Strategy WG

Marketing collaboration
Unification of brand and design

Technology Strategy WG

Technology Fusion
Produce differentiated products
Share information on parts design
Develop design platforms

Generate superior cost competitive products

Mobile information
devices

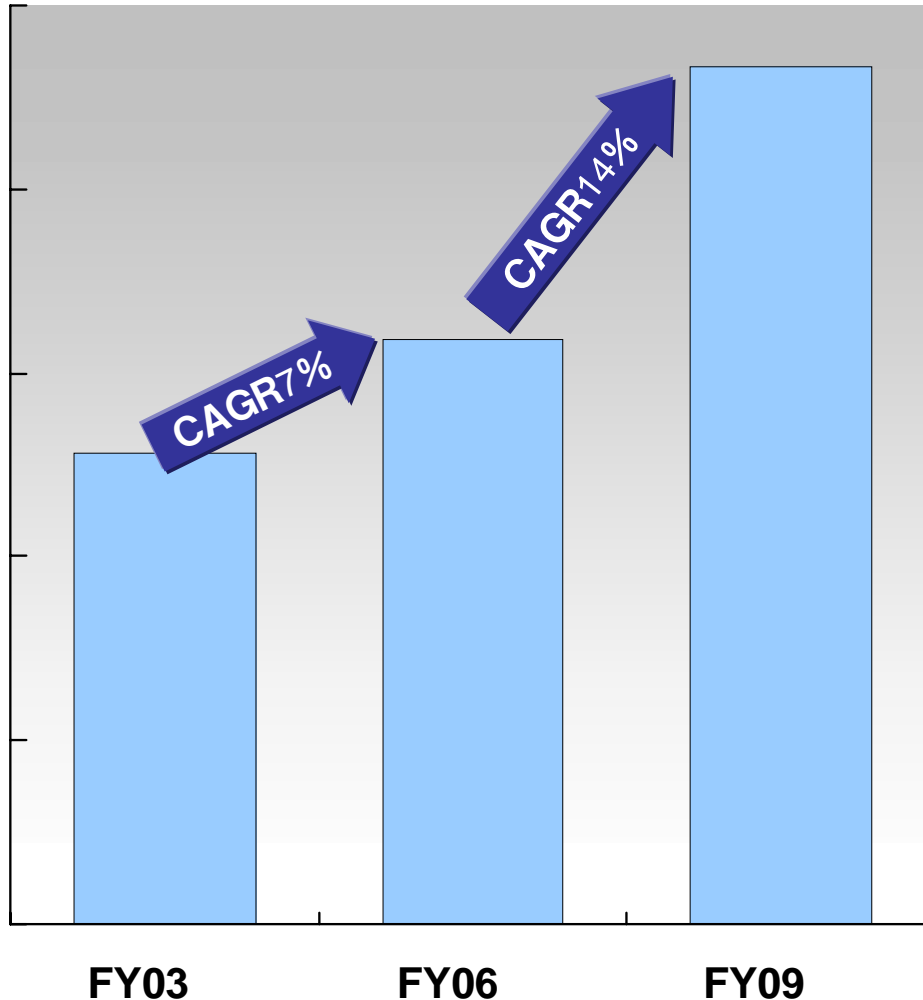
Next generation TV

Home networks

Differentiated PCs

Electronic Devices Business Group

Sales Growth



CAGR (FY06-09): 14%

FY2009 Operating Income Ratio: 8.6%

Semiconductor Business

-Construct strong business structure that can respond to rapid environmental change

NAND and Discrete businesses:
maintain high profitability

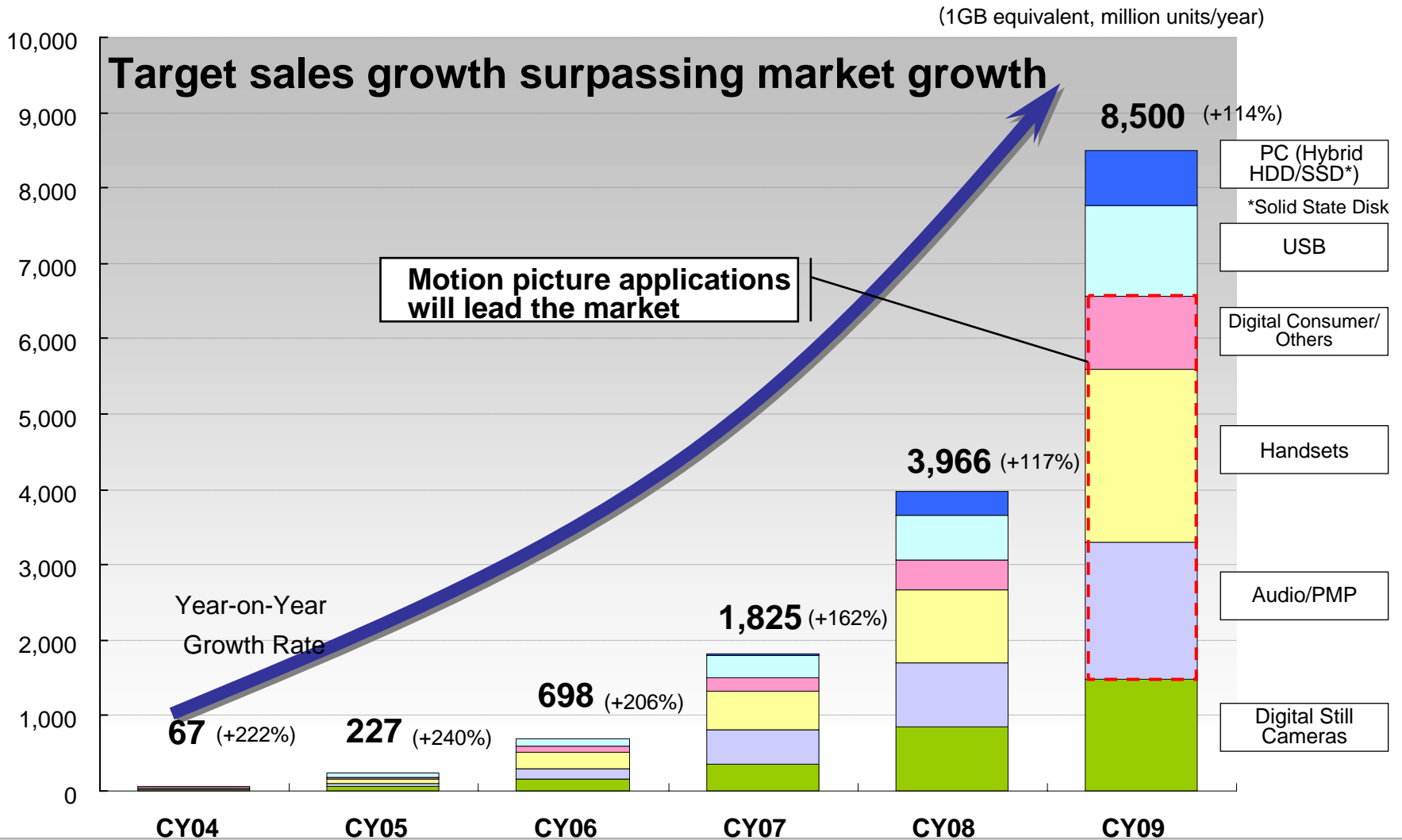
System LSI: recover profit

Display business

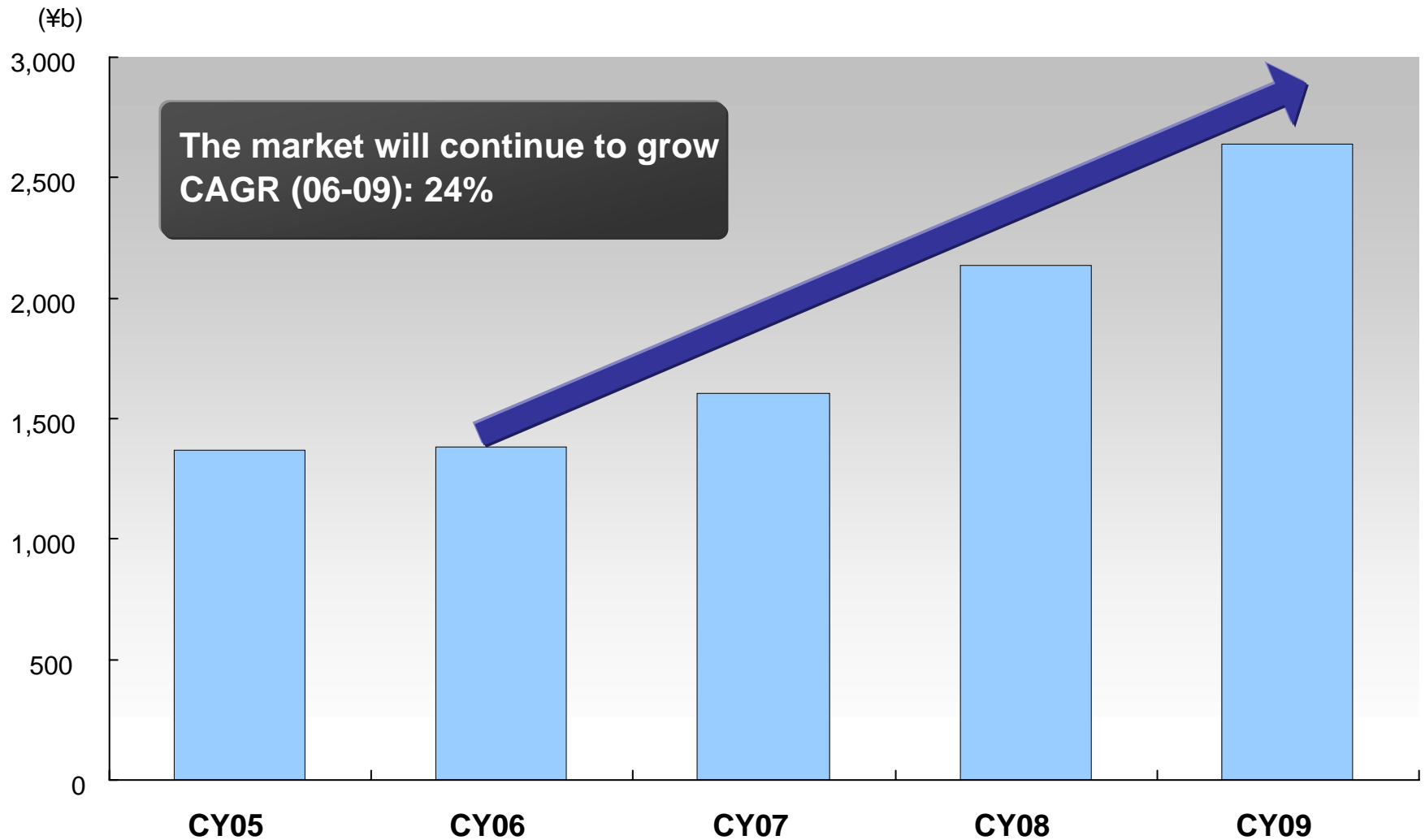
- Enhance market share in overseas and accelerate development of differentiated technology

NAND Flash Memory Market - Bit Growth Rate in 1GB Equivalent

06-09: CAGR 130%



NAND Flash Memory Market, by Value

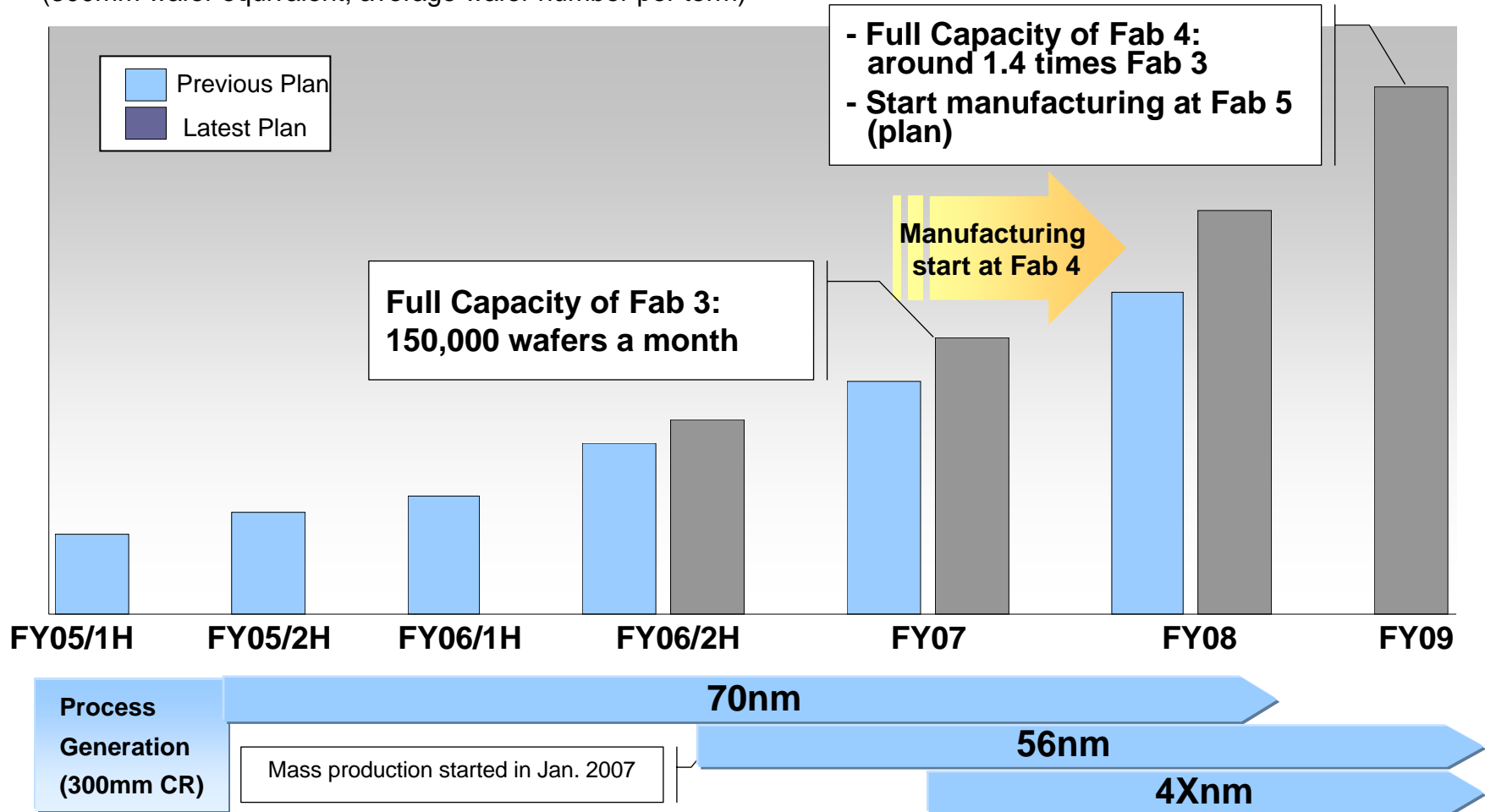


(Source: Toshiba)

Reinforce NAND Flash Memory Manufacturing Capacity

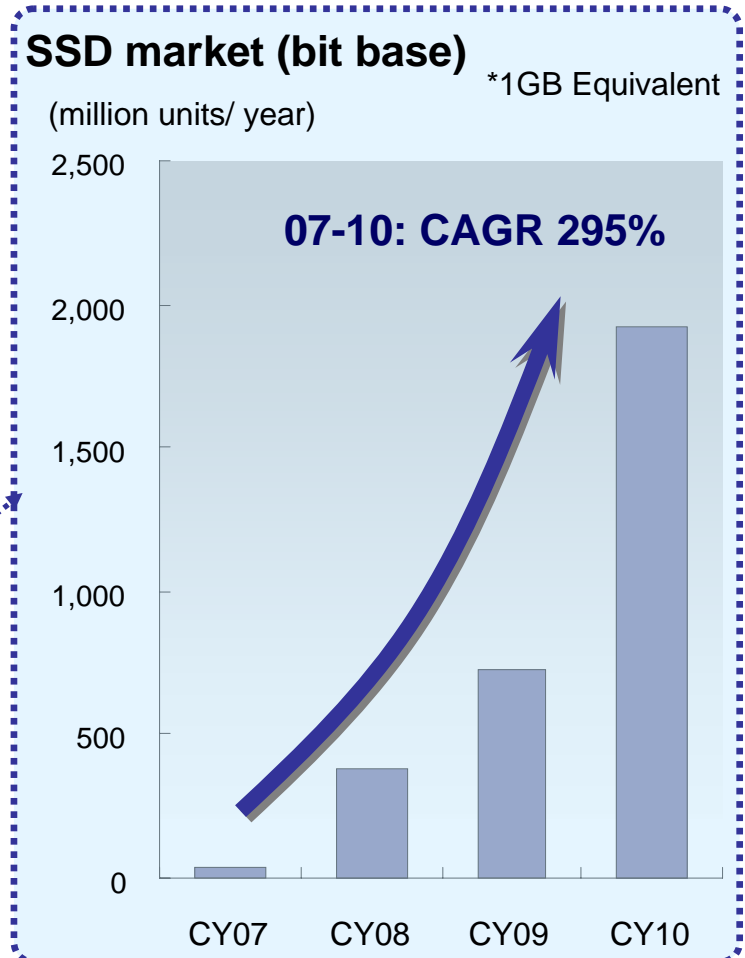
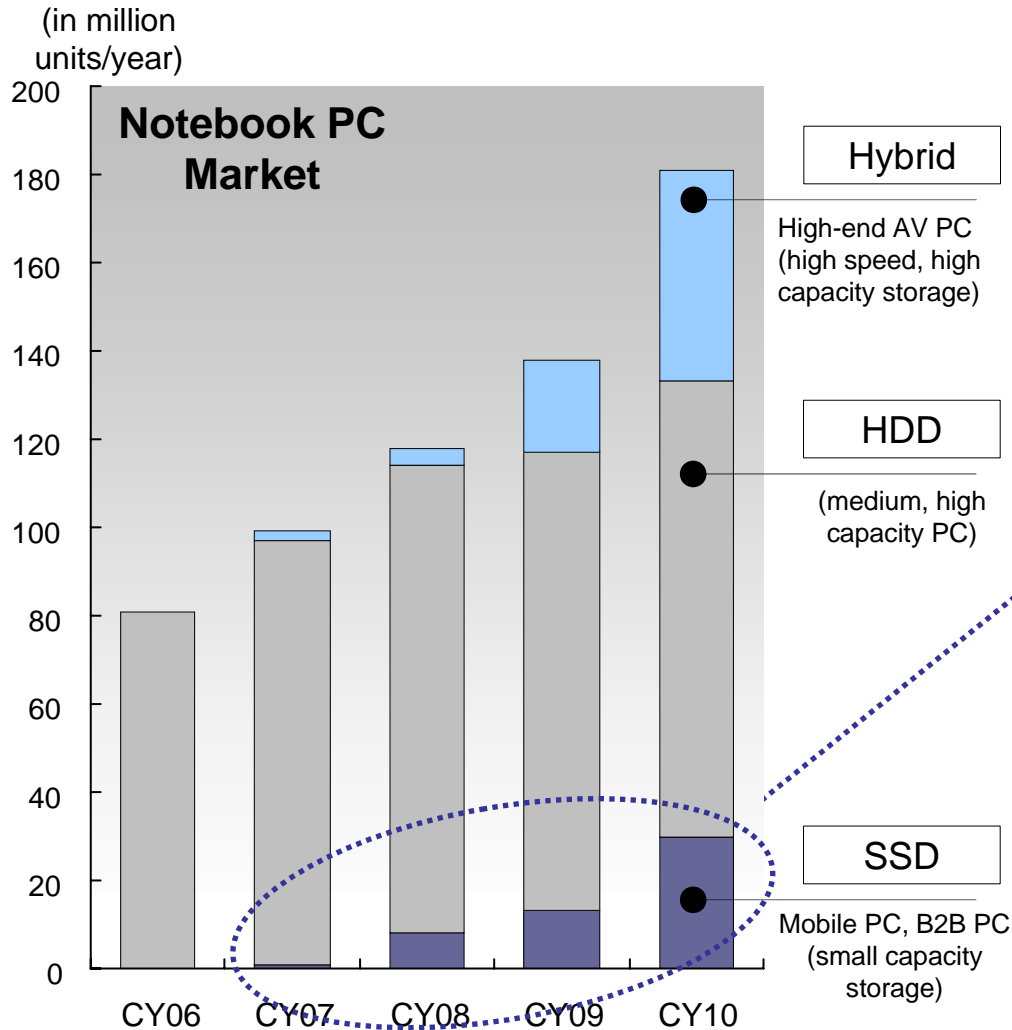
Steadily enhance 300mm capacity; respond to demand growth

(300mm wafer equivalent; average wafer number per term)



Enhance New Applications – SSD for Notebook PC

Penetration of SSD in B2B and mobile PC market will accelerate in FY2010



Enhance Profitability of NAND Flash Memory

Thorough cost reduction measures

- Accelerate deployment of advanced process technology
And start manufacturing ahead of other companies

70nm → 56nm → 4Xnm → 3Xnm *56nm: Mass production start in Jan. 2007

Accelerate application of 56nm

(original plan: FY07/3Q over 50% → FY07/2Q over 50%; FY07/4Q over 85%)

Accelerate start-up of 4Xnm generation

- Develop super multi-level cell technology

Establish 3-bit cell and 4-bit cell technology and create market

- Increase throughput in 300mm clean room

Fab 3: 150,000 wafers/ month

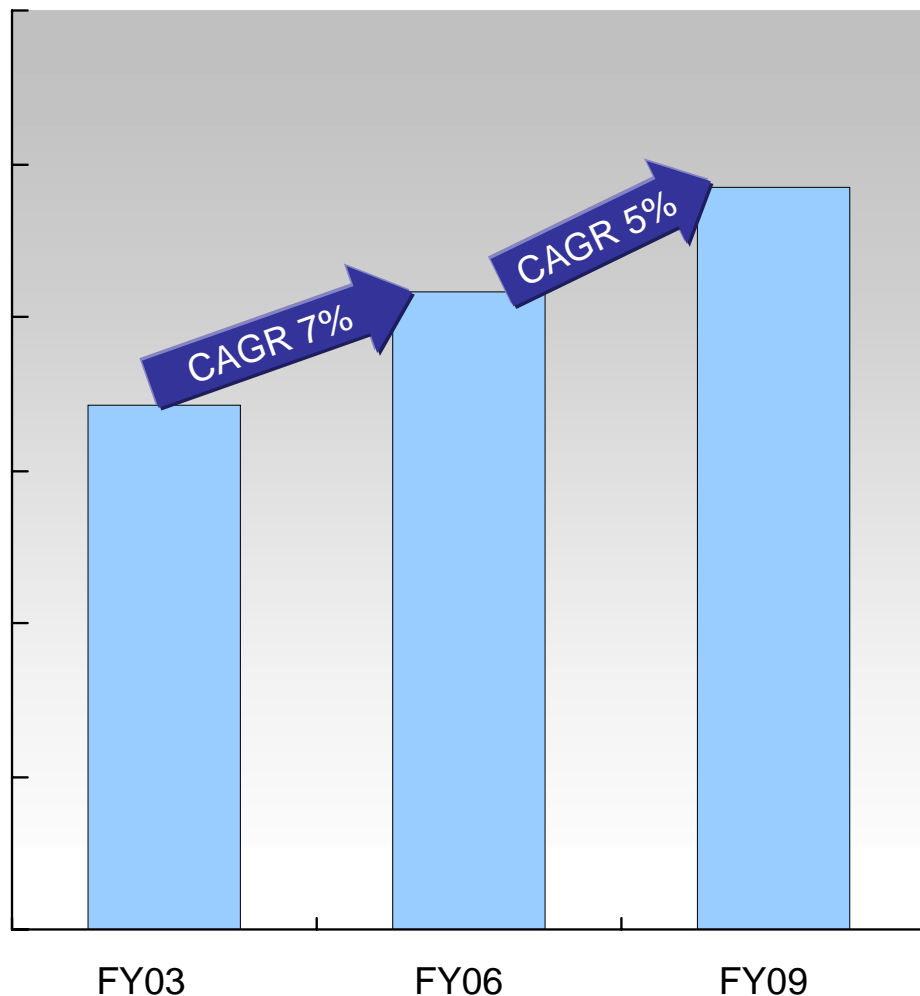
Fab 4: In operation from FY07/3Q,

1.4 times output of Fab 3 at full production

Fab 5: Make maximization of production capacities of Fab 3 & 4
the top priority; decision on new Fab 5 to be made in FY07

Social Infrastructure Business Group

Sales Growth



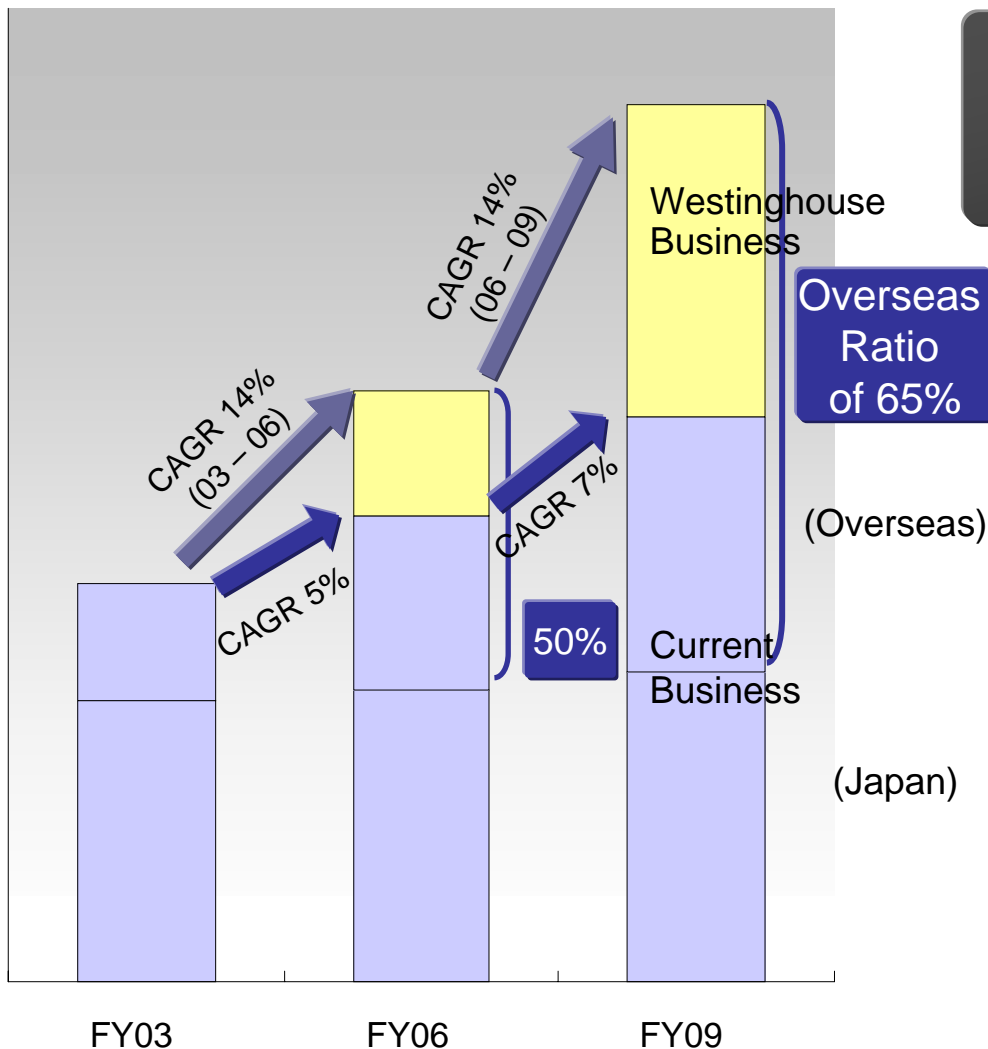
CAGR (FY06-09): 5%

FY2009 Operating Income Ratio: 5.0%

- Strong expansion of overseas business
- Promptly launch new businesses:
 - Super charge battery business
 - Motors for hybrid electric vehicles
 - Security business
 - Environmental business
- Promote environmentally friendly products

Power Systems Business

Sales Growth



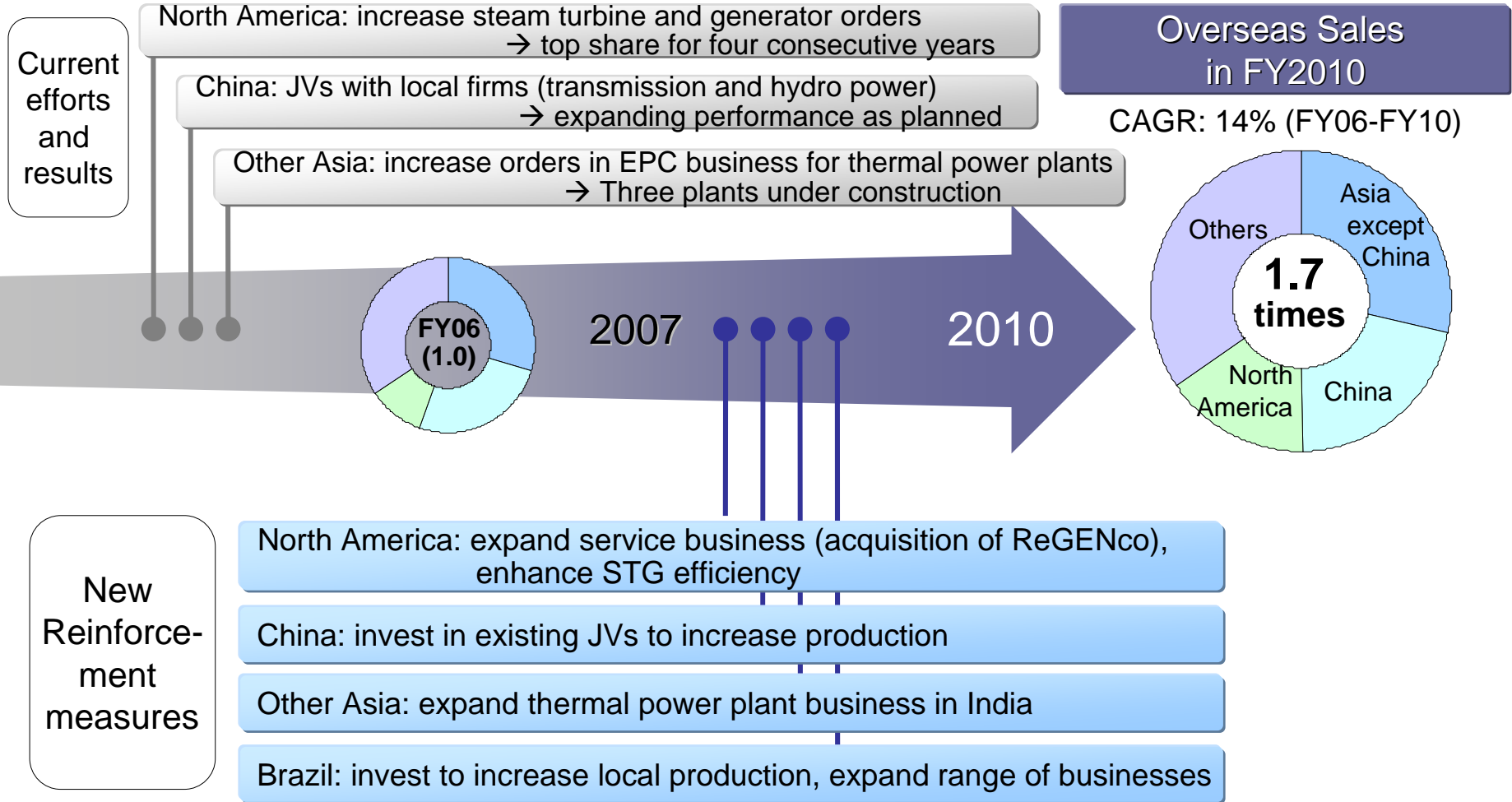
Basic Strategies: Secure high growth and profitability through a global presence
 -- overseas sales ratio of 65% --

- Strengthen overseas business
 - Reinforce local manufacturing, marketing and service
 - Promote M&A and alliances
- Steadily expand Westinghouse's business
 - Lead the global industry with AP1000
 - Achieve synergies between Toshiba and Westinghouse
- Expand service business in Japan
 - Promote replacement and upgrade businesses

Power Systems

Strategies for Overseas Business (Current Business)

Expand business, with emphasis on North America, China and other Asian countries



* EPC: engineering, procurement and construction

Power Systems: Westinghouse Business

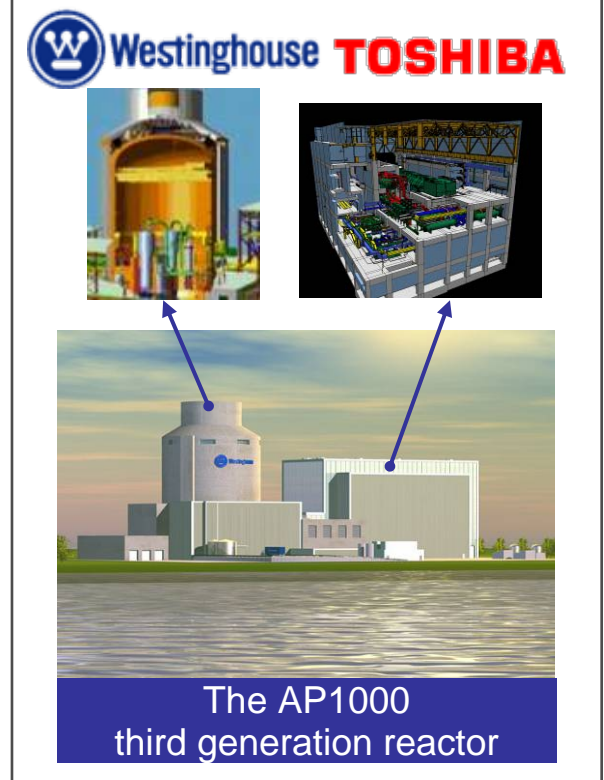
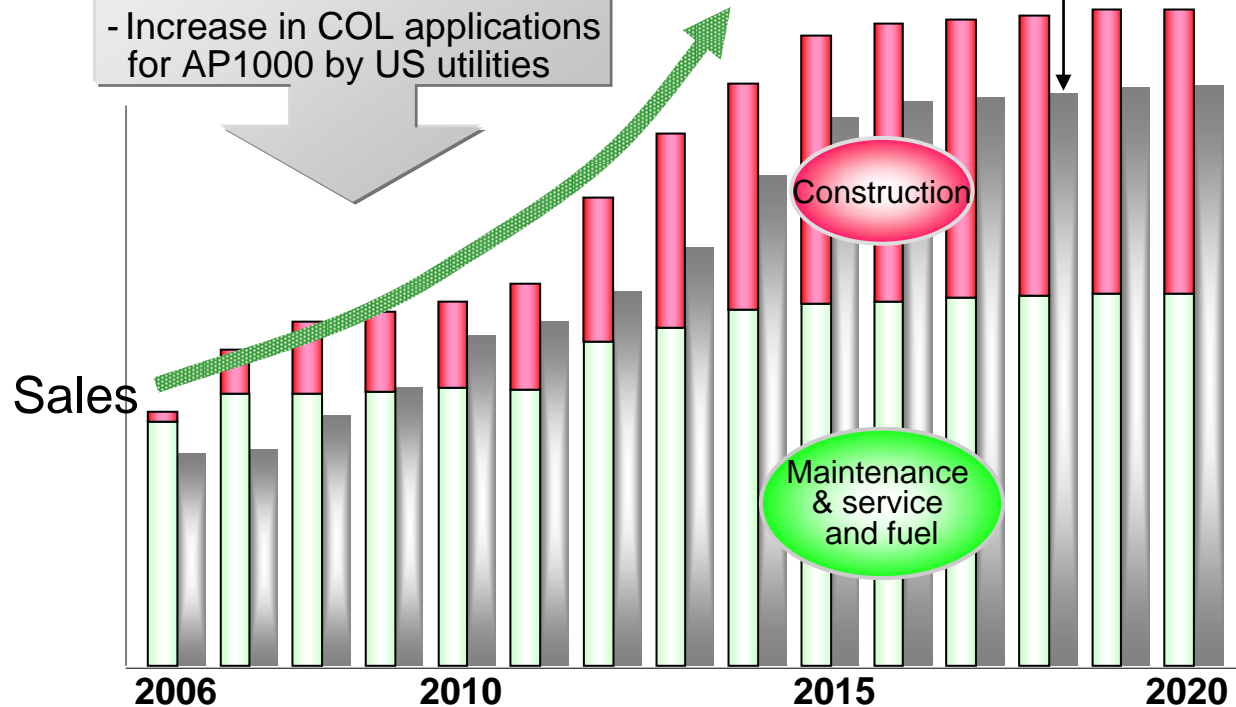
Future order projections surpass the number and value calculated at the time of the acquisition

- Applications for COL in the US increased from 11 → 30 plants; 16 for AP1000
- Debt repayment period shortened from 17 → 14 years

* COL: Combined Construction and Operation License

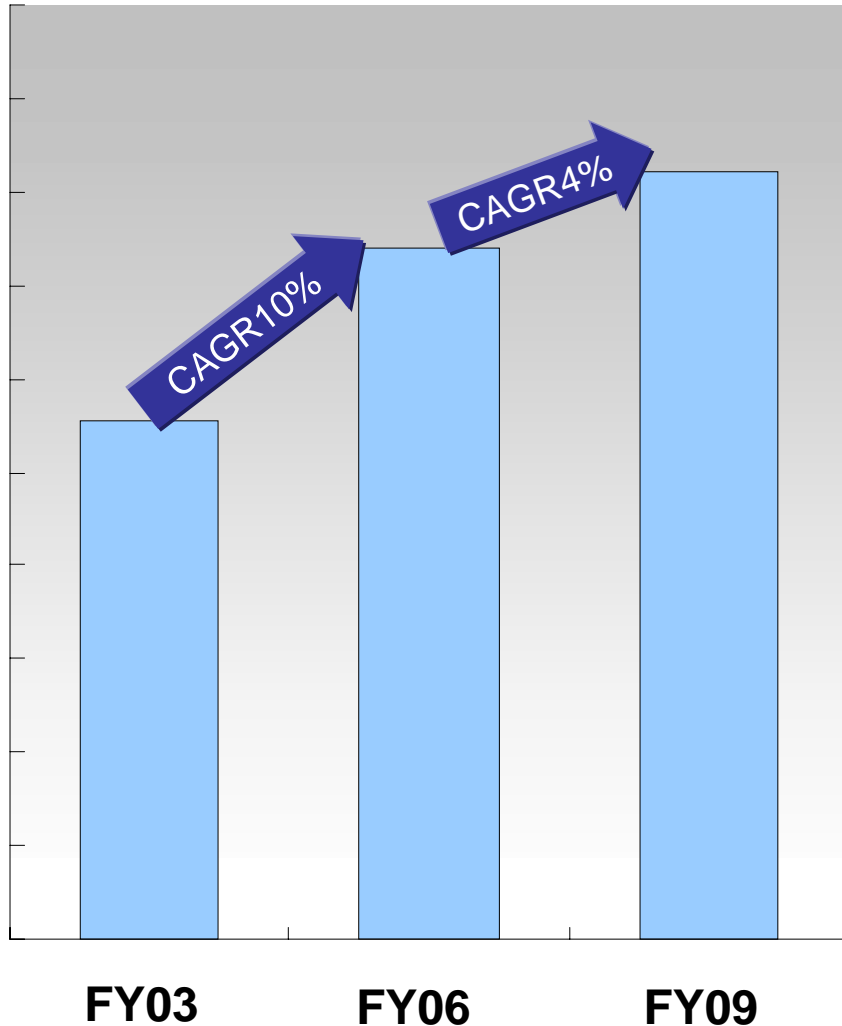
- Orders expected for four AP1000 reactors for Sanmen and Haiyang sites in China
- Increase in COL applications for AP1000 by US utilities

Estimate on acquisition



Medical Systems Business

Sales Growth

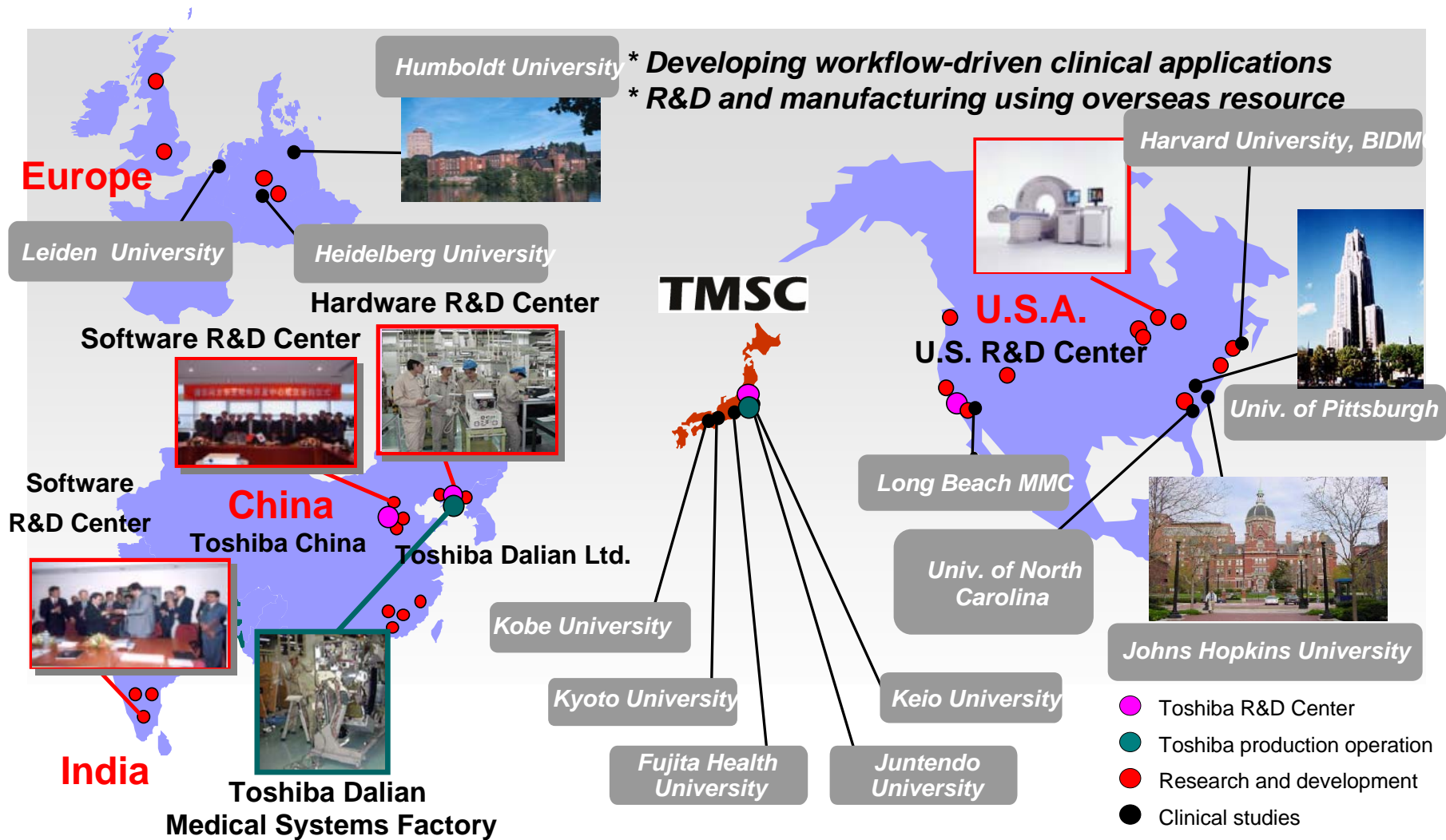


Basic strategies: Global high growth through technology leadership

- Expand total solutions business
 - Maintain market share in Japan
- Expand overseas sales, particularly in the U.S. and European markets
 - 51% overseas sales ratio
- Enhance global R&D
 - Promote network in U.S., Europe and Asia.
- Maximize clinical value
 - Differentiation with high value-added products
- Enhance healthcare IT business

Enhancing Global Operations in the Medical Systems Business

Established R&D Center in the US (06/9), Established Sales Office in China (07/4)



Goals for Fiscal Year 2009

Net Sales	8.7 trillion yen	7.5% CAGR from FY2006
Operating Income	400 billion yen	250 billion yen in FY2006 forecast
D/E Ratio	Below 100%	110% or below in FY2006 forecast
ROE	Over 10%	11.6% in FY2006 forecast
Capital Expenditure	1.75 trillion yen	In three years from FY2007 to FY2009; 68% to Electronic Devices
R&D Expenditure	1.29 trillion yen	In three years from FY2007 to FY2009; 180 billion yen higher than FY2003-2006 level

TOSHIBA

Leading Innovation >>>

Toshiba delivers technology and products remarkable for their innovation and artistry – contributing to a safer, more comfortable, more productive life.

We bring together the spirit of innovation with our passion and conviction to shape the future and help protect the global environment – our shared heritage.

We foster close relationships, rooted in trust and respect, with our customers, business partners and communities around the world.