

TOSHIBA

Leading Innovation >>>

Mid-term Strategies for Sustained Growth through Creativity and Innovation (FY2014-2016)

Hisao Tanaka
President and CEO

TOSHIBA CORPORATION

May 22, 2014



1. Performance and Achievements in FY2013

2. Action Plans for Creative Growth and Innovation

i. Toshiba's Vision

ii. Creatively Seeking Value Creation

iii. Pursuing Productivity Improvement

iv. Developing Diverse, Creative Talent

v. Moving Forward with CSR Management

3. Overview of FY2014 Mid-Term Business Plan

4. Conclusion

Overview of Business Results in FY2013

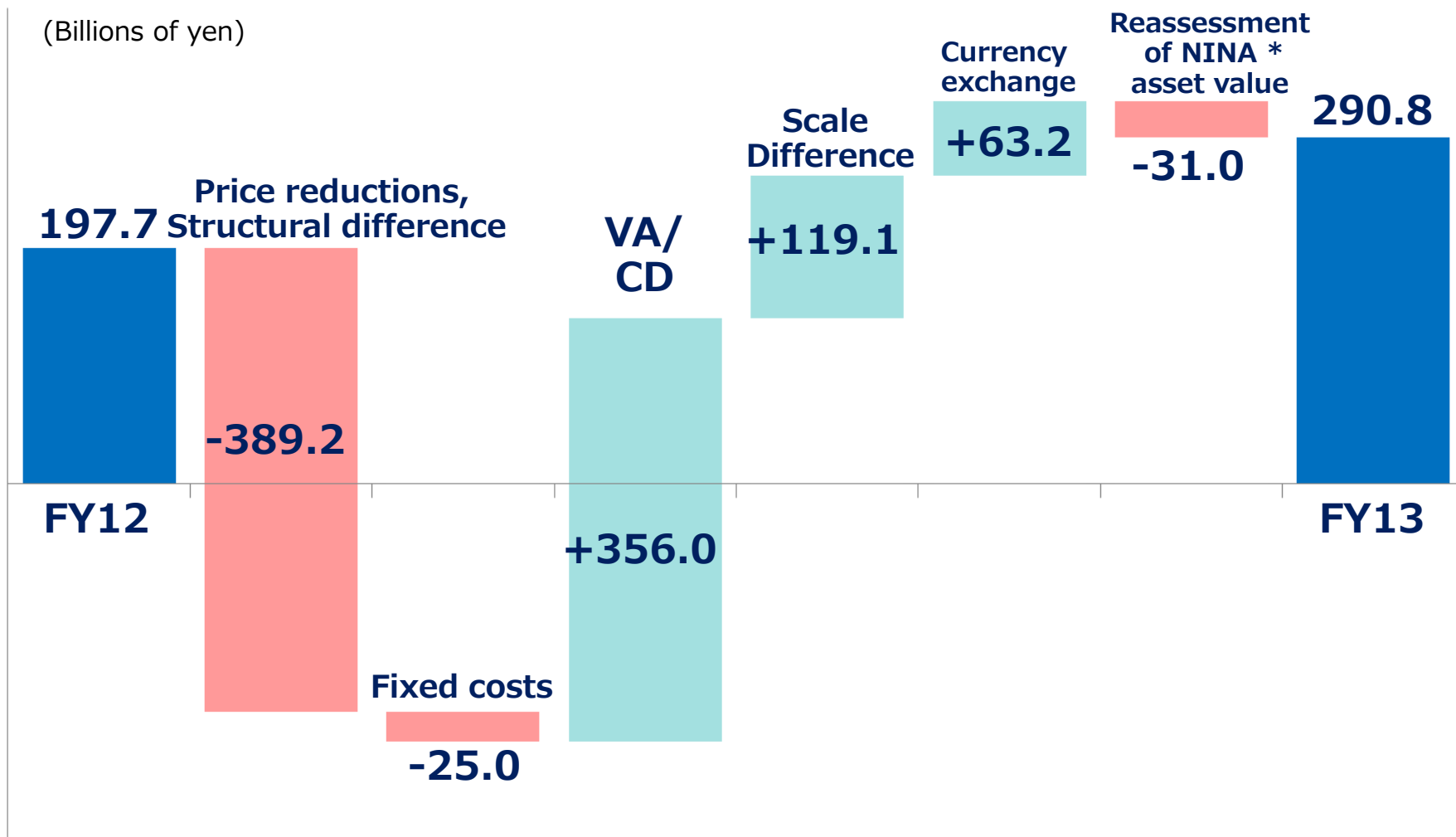
Significant growth recorded in net sales and operating income, but net income fell short of expectations

(Billions of yen)

	FY2013	Vs. FY2012	Vs. results announced on 10/30	
Net sales	6,502.5	+775.5 +13.5%	+202.5	All segments saw higher sales over that of the previous year
Operating income	290.8 4.5%	+93.1 +1.0%	+0.8	Achieved expected goal by re-evaluating asset value of NINA*
Net income (loss)	50.8 0.8%	-26.6 +0.6%	-49.2	Lower operating income due to discontinuation of Optical Disk Drive business and reversal of deferred tax asset
Free cash flow	40.0	+104.0	—	Significant improvement over that of the previous year thanks to higher operating income and reduction in running cost
Debt/equity ratio	1.1-fold	-0.3-fold	—	Significant improvement over that of the previous year

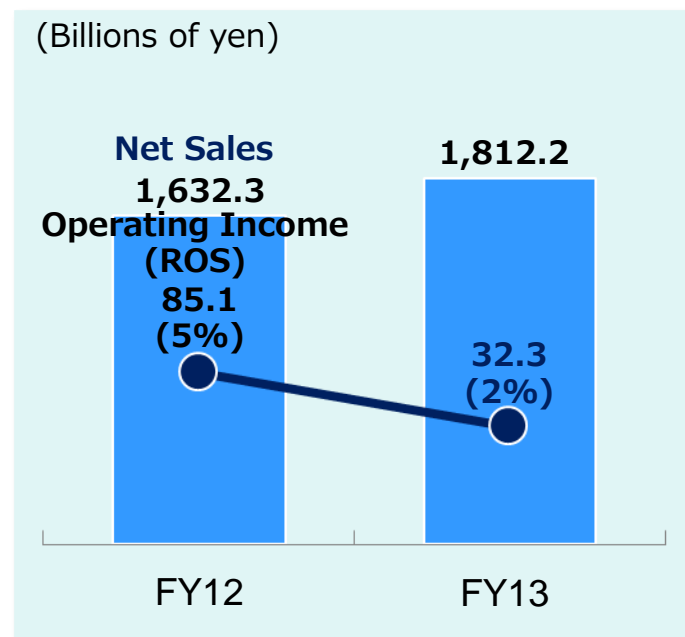
Operating Income Analysis

Achieved operating income goal despite one-time negative impact



Energy & Infrastructure

- **Increased orders for combined cycle thermal power generation systems**
 - Received order at Ishikariwan Shinko Power Station from Hokkaido Electric Power Company
- **Selected as Candidate Supplier for Tokyo Electric Power Company's Smart Meter Communication System**
- **Improved business operation structure to expand into emerging markets**



Power generation



Global Engineering & Production Center (Keihin)



Toshiba JSW Power Systems Private Ltd. (India)

T&D



Toshiba Transmission & Distribution Systems (India) Pvt. Ltd



Power Machines Toshiba High-Voltage Transformers LLC(Russia)

Community Solutions

● Business expansion in emerging markets

- Investment in India's water treatment system facility EPC



- Elevator installation in Saudi Arabia's Twin Residential Towers

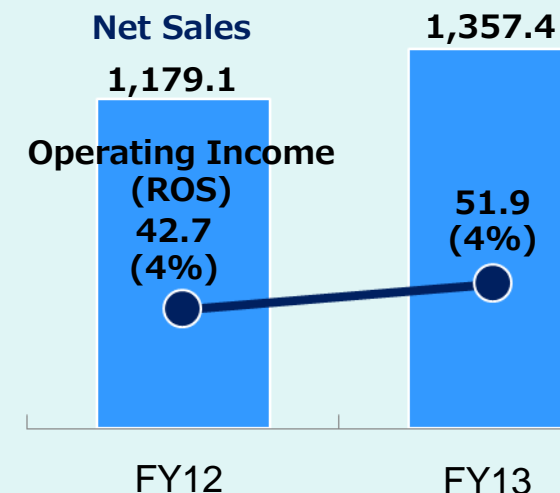


- Air-conditioning facilities for Philippine commercial and residential buildings

- ITS expressway project in Vietnam



(Billions of yen)



● Commercialize Smart Community Solutions

- Won standardization of HEMS: Sekisui House, Daiwa House Industry, and Mitsui Homes
- cyberGRID received order for Virtual Power Plant service in Europe
- Starting solar power business in Germany with a new on-site consumption model for apartment buildings in cooperation with GAGFAH, its largest real-estate company

Healthcare Systems & Services

- Achieved production of a total of **30,000 CT units**
 - Second place in world market share (2013)
- Development of new image diagnosis equipment



**Vantage Elan™
MRI**

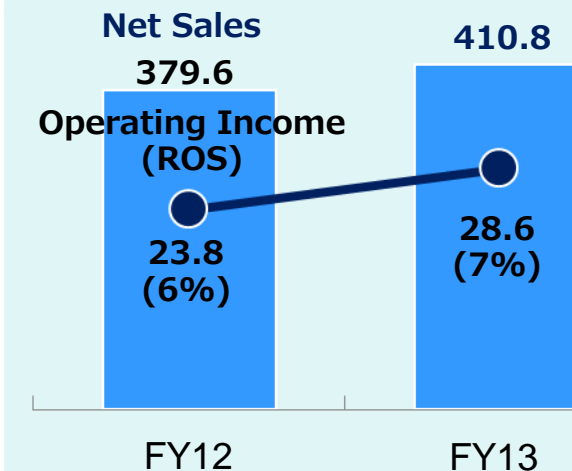


**Triple-headed
Gamma Camera
GCA-9300R™
for Single Photon
Emission Tomography**



**Xario™100
Ultrasound
Diagnostic
System**

(Billions of yen)



- Received order for heavy ion radiotherapy irradiation system

- Placed by National Institute of Radiological Science (Japan)

- Integrated new businesses domains

- Established Healthcare Systems & Services



**Silmee™:
vital signs
sensor
module**



**Wearable
device**

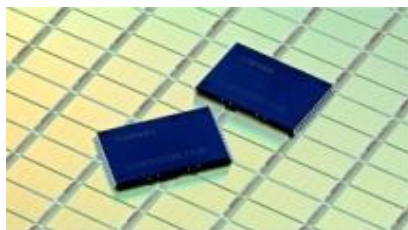


DNA Tester



Electronic Devices & Components

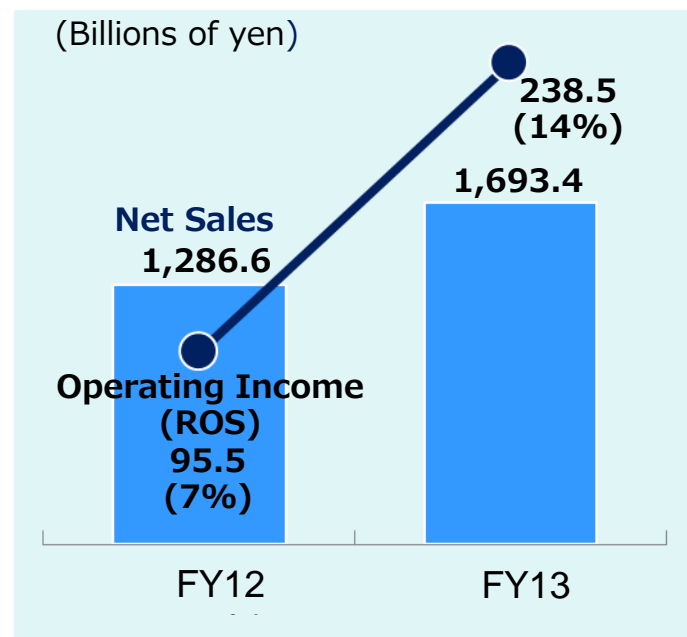
- NAND flash memory achieved highest-ever operating income
- Steady miniaturization and cost reduction



19nm 2nd gen./
Achieved early start of
World's first 15nm
mass production



2nd phase of construction
of Fab No. 5 in Yokkaichi



- Strengthened storage business

- Purchased OCZ SSD business (Jan.2014)
- Launched 5TB near-line HDD (Feb.2014)



5TB near-line HDD



32GB FlashAir™

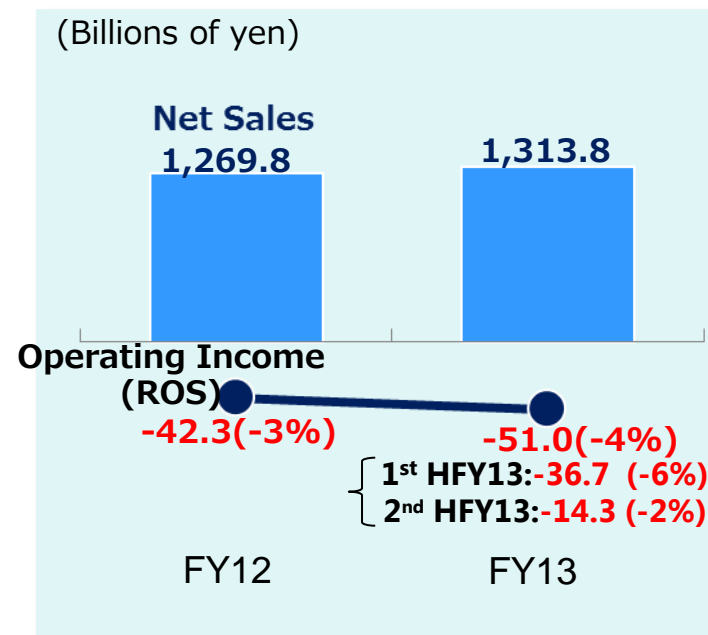
- Won orders for high-power modules for use in Chinese locomotives
- Expansion of line up of FlashAir™ -- the SDHC Memory Card with Embedded Wireless LAN communication chip

Lifestyle Products & Services

- **Visual Products business restructuring**
 - Reduced annual fixed cost by ¥10 billion (vs FY12)
 - Closed and sold LCD TV overseas production business
 - Closed Dalian Toshiba Television
 - Sold Toshiba Television Central Europe



LCD TV production by Toshiba is now concentrated in Indonesia



- **Integrated visual and home appliance businesses into Lifestyle Products & Services Company**
- **Established Business Solutions Division to reinforce B to B for PC business**

Throughout Toshiba

New Concept Innovation

- **Established New Business Development Division** to carry out the creation of new businesses
- Took stock of our technical strengths and identified potential needs

Strengthening Corporate Strategic Functions

- **Reorganized 27 departments into 13**
- Promoted global shared services in **5 global locations**

Structural Reform to Enhance Businesses

- Restructured Visual Products Business
- Restructured Optical Disk Drive Business
- Sold semiconductor packaging operation in Malaysia

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Toshiba Group Management Policy Vision

Growth Through Creativity and Innovation

Pursue growth that does not overly depend on market growth,
but is generated by Toshiba's creative powers

Value Creation

Focus on customers' points-of-view
Combine values to create
synergies and expand applications

Productivity Improvement

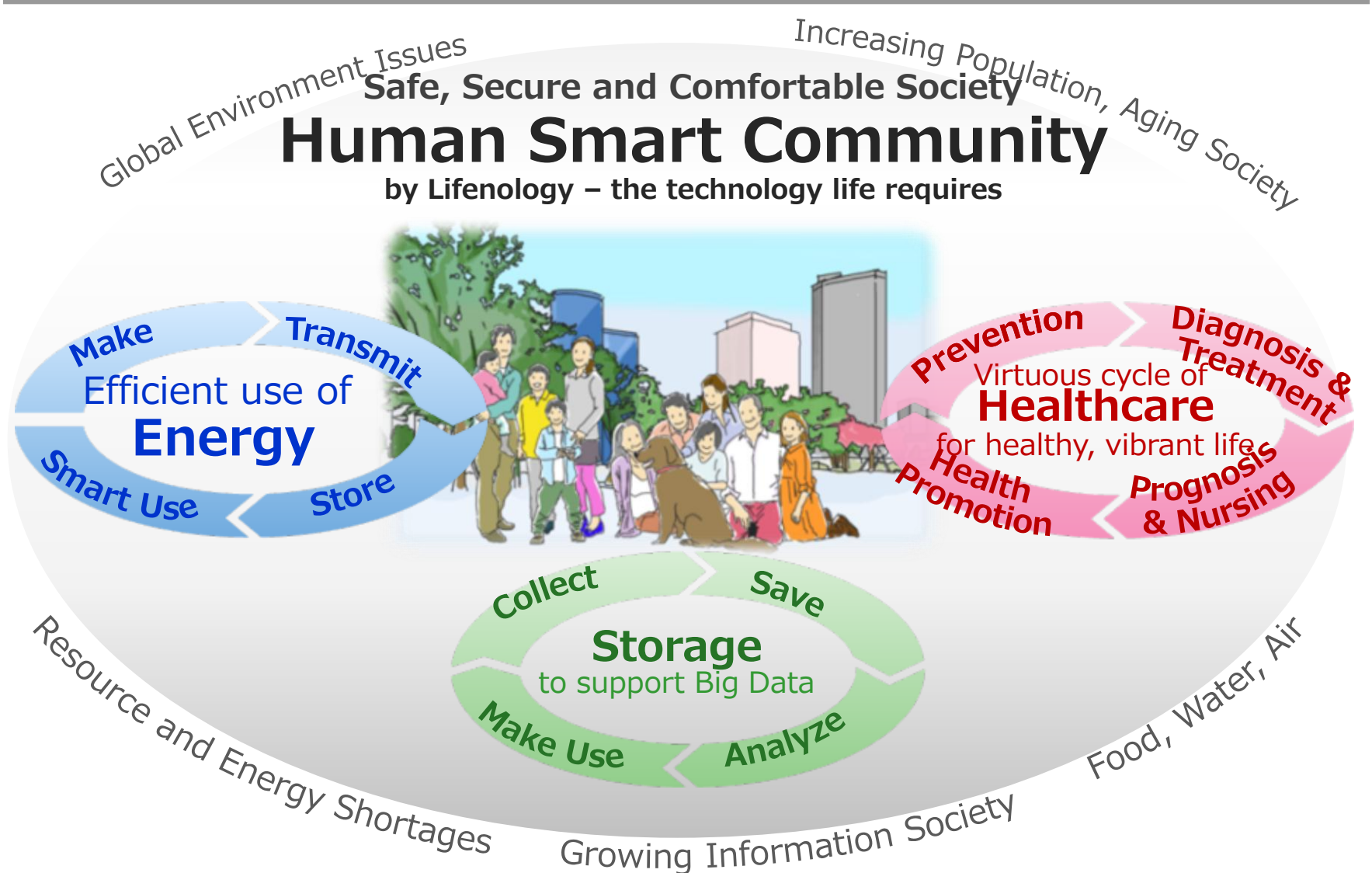
Promote most effective use
of resources and assets
Enhance quality, efficiency and
speed in all businesses

Globally develop diverse, talented, creative people

Always integrate new perspectives and pursue creative new ideas

Push Forward with CSR Management

Toshiba's Vision



Our Aim: Providing Products + Excellent User Experiences

Toshiba's Vision



Our Aim: Providing Products + Excellent User Experiences

Energy & Infrastructure

Carbon reduction

Highly efficient and environment-friendly technology that helps protect the earth

Make Energy

- **World's highest efficiency Combined Cycle, Solar power generation,**
Planning pilot plant for super-critical CO₂ cycle power generation
First installation of a CO₂ capture & utilization system



CO₂ capture & utilization test facility in Saga, Japan

Transmit Energy

- **High voltage DC transmission system, smart grid, Advanced Metering Infrastructure (AMI)**

Store Energy

- **Rechargeable lithium-ion battery (SCiB): Idling stop system, EV/PHEV for vehicles**
Tohoku Electric Power Co.: World's highest class 40MW system
Kyushu Electric Power Co.: Power frequency control system for remote islands



Tanegashima and Amami-ooshima

Smart Use of Energy

- **Railway's permanent magnet synchronous motor(PMSM) system**
- **Premium efficiency (IE3) heavy duty motors**

Strengthening overseas operations

Thermal Power

Toshiba JSW Power Systems Private Ltd.
Global expansion plan centering on making best use of JSW's capabilities to expand business in India, Middle East, Africa and Southeast Asia

Transmission & Distribution

Established global horizontal division work structure
Localize by providing low-cost components from India to final assembly & testing plants in other countries (Japan, North America, EMEA countries)

Energy & Infrastructure

Nuclear plants

Stable profitability achieved through services and fuel operation based on our World No.1*1 service experience

● Maintenance services

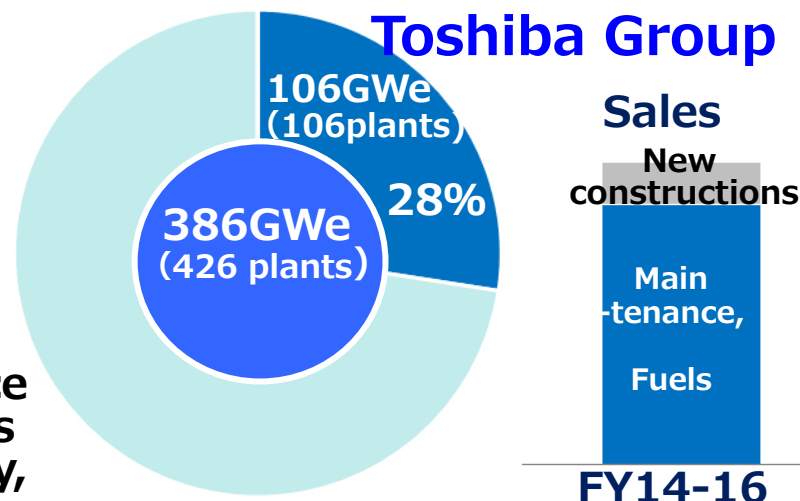
- Started "BWR PLUS/PWR PLUS"
 - Toshiba/WEC jointly cooperate to expand service business
 - Expand maintenance service for units of other manufacturers
 - Received order for TIP*2 systems for Olkiluoto No. 1, 2 in Finland
- Established European service center in France
- Renewal and updating of large-scale facilities
 - Steam generators, emergency power supply, control devices
- Supported plant operation resumption in Japan

● Fuels

- Identify new customers in addition to those we have in the U.S. and European markets (such as possible new customers in France and Eastern Europe)

● New Plant Construction

- Scheduled to take a majority stake in NuGeneration Limited (UK): Ensures opportunity to build 3 AP1000 units
- Offer proposals and promote activities to receive orders in Europe, the U.S., Asia, China and the Middle East



Share of plants in operation
Nuclear reactors: Main contract (ratio of installed capacity), in 2014

Energy & Infrastructure

Power Electronics

Strengthen joint development from devices to systems, development on new domains



Inverter
(Inverter for train
drive systems using
All-SiC package)



Power Modules

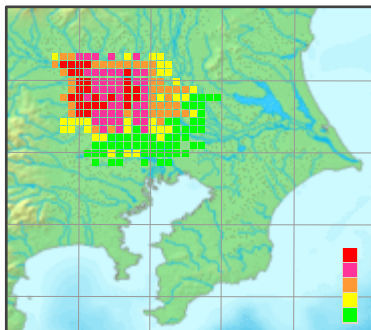


Power devices

- Development of advanced inverter^{*1} for train drive systems using All-SiC package
- High efficiency and smaller size

Weather Radar

Expand market share in Japan, contribute to making safer and more secure towns and cities



Phased Array Weather Radar

- Japan's first^{*2} Phased Array Weather Radar^{*3}
- Ability to predict the coming of sudden heavy rain storms and tornados in minimum of 10 seconds

Electronic Devices & Components

Storage

Development of flash server and storage

→Enterprise is becoming an important segment

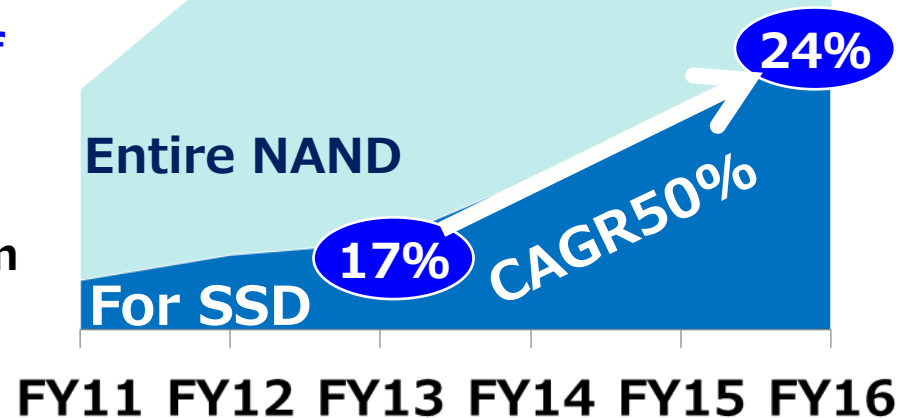
Further expansion of SSD business

- Enhance controller technology
- Maximum utilization of HDD business customer base

Large capacity and cost reduction of NAND through miniaturization and development of next-generation products

- 15nm-generation: Mass production from April 2014
- 3D: Ship samples in FY2014
- Efforts to develop next-generation exposure technology

NAND flash memory market size by volume of use



Discrete/system LSI

From "Domestic/consumer" to targeting "Overseas/on-vehicle automotive, industrial and communication" applications

- Discrete: White LED, power devices (Super-junction DTMOS), GaN/SiC
- System LSI: Image recognition processor (Visconti™), motor control, structured array*¹
- Identify needs in IoT*² market (e.g. smart cars and wearable devices)

Memories: Pursuit of Miniaturization and Efficiency

Started mass production of world's smallest class 15nm NAND

Promote development of and build a production system for 3D memory era

Optimize existing properties, power supplies and production facilities to utilize them effectively for 3D memory production



15nm production

- Mass production of 15nm by starting operations at Y5 Phase 2



3D production

- Build a supplementary site dedicated for 3D production
- Utilized Y3 and Y4 to reduce investment cost
- New site to be completed in summer, 2015
- Introduce leading-edge devices in sequence such as next-generation lithography, deposition and etching

Healthcare Systems & Services

FY14
¥440B

FY16
¥720B

Establishing Healthcare Company on July 1st
Integrate related businesses within Toshiba Group

Medical

**Target World's top 3 in Imaging Systems,
 No.1 in CT sales**

Product Competitiveness

- Incorporate reduced radiation exposure technology in all CTs
- Launch strategic MRI models (high definition, more compact, lower power consumption and quieter sound)
- World's top class image resolution technology of Vital Image Inc.
- AngioCT: Support for leading-edge cancer treatment of heart diseases



Business Expansion

- IVD*¹: Instant virus checking, infection, cancer marker
- PET-CT*²: Bio marker image-sensing

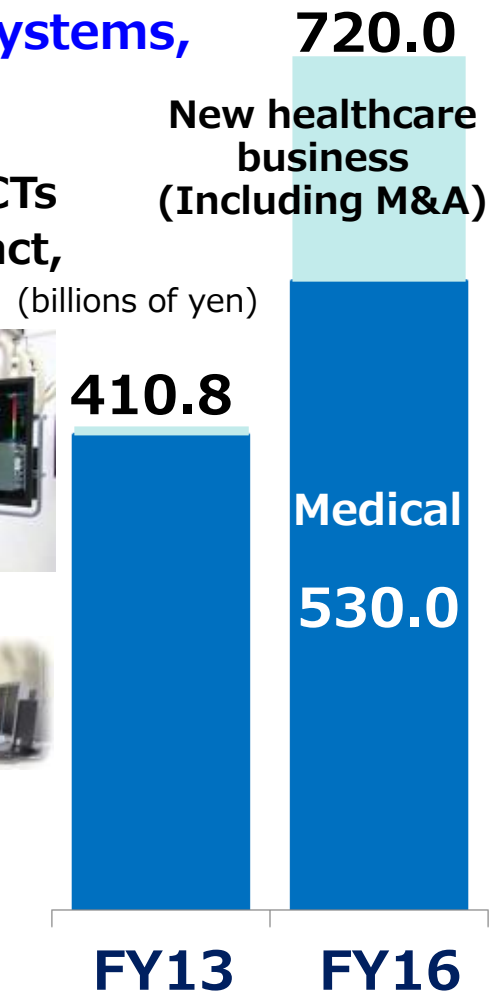


Strengthening Services

- Expand remote maintenance installed products
- Strengthen unit/component life detection technology

Strengthen Global Operations Structure

- Accelerate and divide up development in Japan, the U.S., Europe, China and India
- Expand Brazil production, preparing new production site
- Establishing subsidiaries responding to the local markets' needs



Healthcare Systems & Services

New areas

Early commercialization into healthcare businesses

Heavy-ion radiotherapy system

- Small, light and energy-saving, achieved by using superconductors
- High-accuracy radiation by means of a rotating gantry



Superconductive rotating gantry

Promote COI* business

- Genome sequence, analysis
- Big Data analytics, sensing technology utilization

DNA testing system

- Application in various areas of healthcare, including human and animal infections

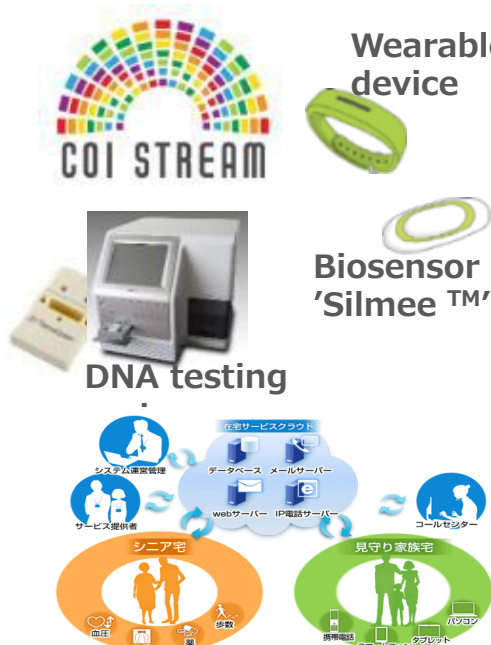
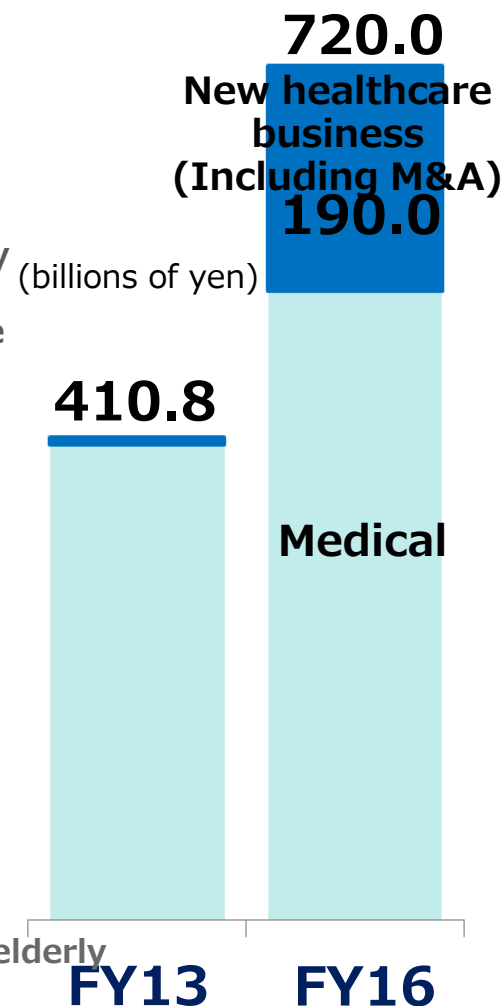


Image of at-home services for elderly

At-home services for elderly

- Provide "security", "health" "convenience" and "fun" services to support a rich and healthy life for the elderly and their families



FY13

FY16

Community Solutions Group

Realizing stable energy supply and safe, secure and comfortable communities

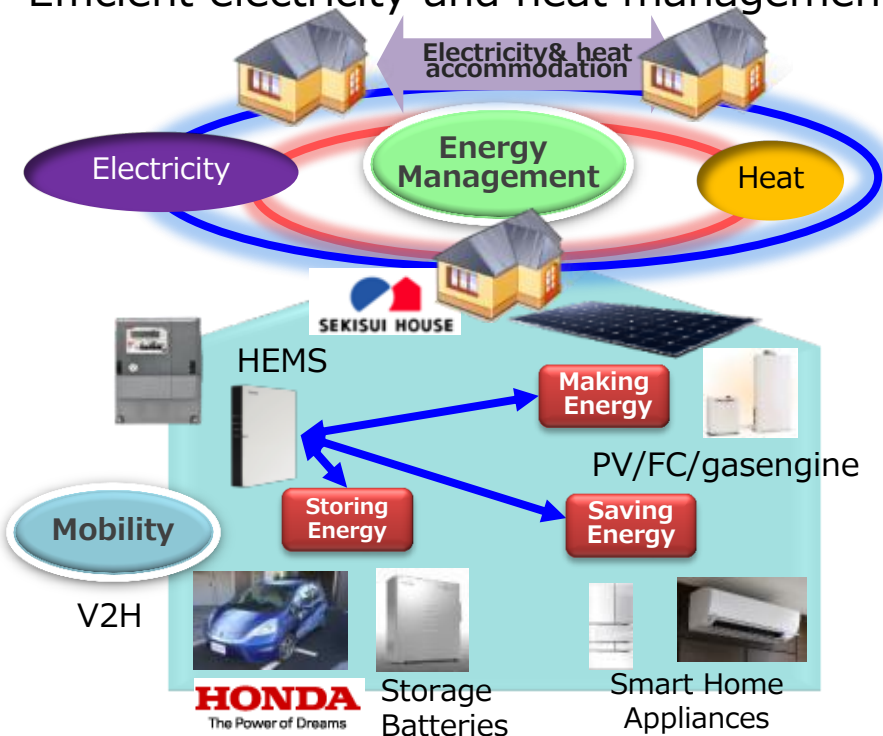


Collaboration with Partners

- **Low-carbon society via energy & mobility**

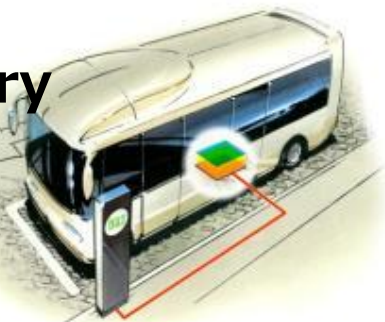
V2H*/community field test with Honda and Sekisui House

Efficient electricity and heat management



Mobility trial test of wireless battery charging BUS

Serving as All Nippon Airways company-use electric bus



Regional Solutions

(collaborations with local governments)

- Yokohama Smart City project
- Smart Community around Kawasaki Station
- Lyon Project (France)

*V2H : Vehicle to Home

Retail Business

Expanding solutions businesses by using the customer base of the world's No. 1 in the POS business

Expanding businesses from in-store solutions to integrated retail solutions and to data service solutions

Data Service Solutions

Analytics & Big Data

- Disposal loss analysis
- Customer preference & trend analysis

Integrated Retail Solutions

Omni channel utilization

- Demand prediction
- Ordering & inventory management

In-Store Solutions

Various checkout styles

- Utilization of recognition technologies

Automatic scanning lanes

Smart Receipt®

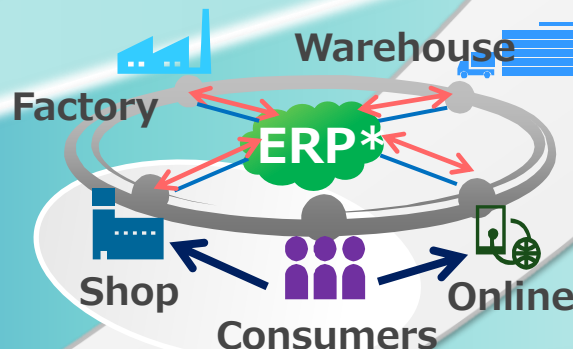
Field demonstration, Commercialization in FY2014



Omni Channel Solutions

Outside of Japan:
Began offering solutions to major customers in the U.S. (TCxGravity)

In Japan:
Collaborating with ecbeing Corp. on the development of integrated solutions.



POS



Release of tablet POS system (TCxFlight)



Release of object recognition scanner (IS-910T)



Shopping Basket POS



Lifestyle Products & Services Business

Home Appliances

Business Outside of Japan

Aiming to increase sales and profits by leveraging our brand strength in Japan and Asia and aiming for an early achievement of ROS of 5%

- Increasing development resources (+25%), and continually releasing differentiating and locally tailored products
- Focusing on Asia and the Middle East
- Links to visual products
 - New markets (such as Myanmar, Cambodia)
 - Removing redundant functions

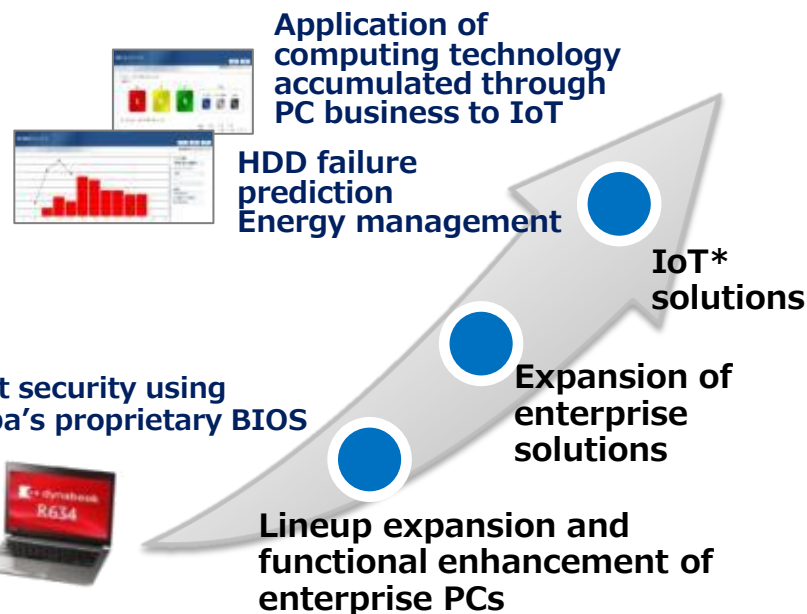


Visual Products

PCs

B2B Business

Aiming to turn profitable by shifting business to B2B, focus on specific customers' products in order to improve operational efficiency



Progress of New Concept Innovation

Mid-Infrared Laser QCL* Protects individuals and society using invisible light

Turning industrial gas sensing system into a small and high-precision one

Breath test

- ◆ Aims to monitor health conditions and diagnose diseases by analyzing trace gases in exhaled breath



Expands applications to the social infrastructure field, such as the detection of substances that cause sick-house syndrome and greenhouse gases

Infrastructure Health Monitoring

Support longevity via monitoring & inspection

Verifying alternative inspection and monitoring methods

• Visual inspection → Image processing technology

- ◆ Detects cracks and leaks in tunnels from photo images



Started field testing in underground tunnels in UK

Expands to diagnosis & evaluation to contribute toward safe and secure infrastructure

• Hammering test → Industrial flaw detection technology

• Condition monitoring → Industrial monitoring technology

Wearable Display

Using Glassless 3D technology

- ◆ Maintenance check supporting tools



Progress of New Concept Innovation

Plant Factory

Focusing on improving food, water and air quality

Utilize technologies of water, lighting, air quality and semiconductor production experiences in vegetable plant operation

Toshiba Clean Farm Yokosuka

- ◆ Start shipping from first half of FY14
- ◆ ¥300million/year
- ◆ 1,969㎡
- ◆ 3million lettuce/year
- ◆ Functional vegetables rich in polyphenols and vitamins
- ◆ Growing in closed-type, almost aseptic conditions extends the freshness of vegetables



Plant Solution

Air technology

Anti-bacterial, temp., humidity control, Co₂ generation

Water technology

UV sterilization

Energy generating technology

PV, Wind

Light technology

technology optimized for plant growing

ICT

Agri-cloud production management system

Coordinate Plus™ (Virtual Fitting)

Field testing to purchasing at actual shops

Body scanning technology (High-precision human detection technology)

×

Virtual fitting technology



Hair Salon

Actual Shop



Coordinate and virtual fitting
Establishing omni channels linked to Big Data

Buying

M2M Business

Practical application during the Mid-Term Plan period

Creating new values through Toshiba's products and systems applying M2M technologies

Human Smart Community



Disaster Prevention

Disaster Prediction
Weather Monitoring
Early Disaster Prediction



Phased Array Weather Radar



Tunnel Test



Biosensor



Wearable Device

Infrastructure & Maintenance

Infrastructure monitoring
Degradation diagnosis
Endurance analysis

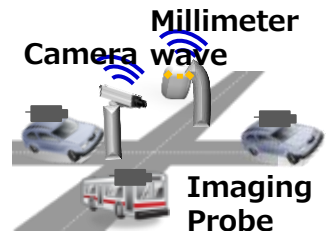
Equipment services
Remote supervision
Remote Maintenance



Medical Equipment



Elevators



Transportation

Traffic control
Location detection,
Operation management
Traffic analysis



Healthcare

Biosensors
Home care
Remote health monitoring

Energy Management

Smart meters
Smart grids

HEMS
CEMS

Retail

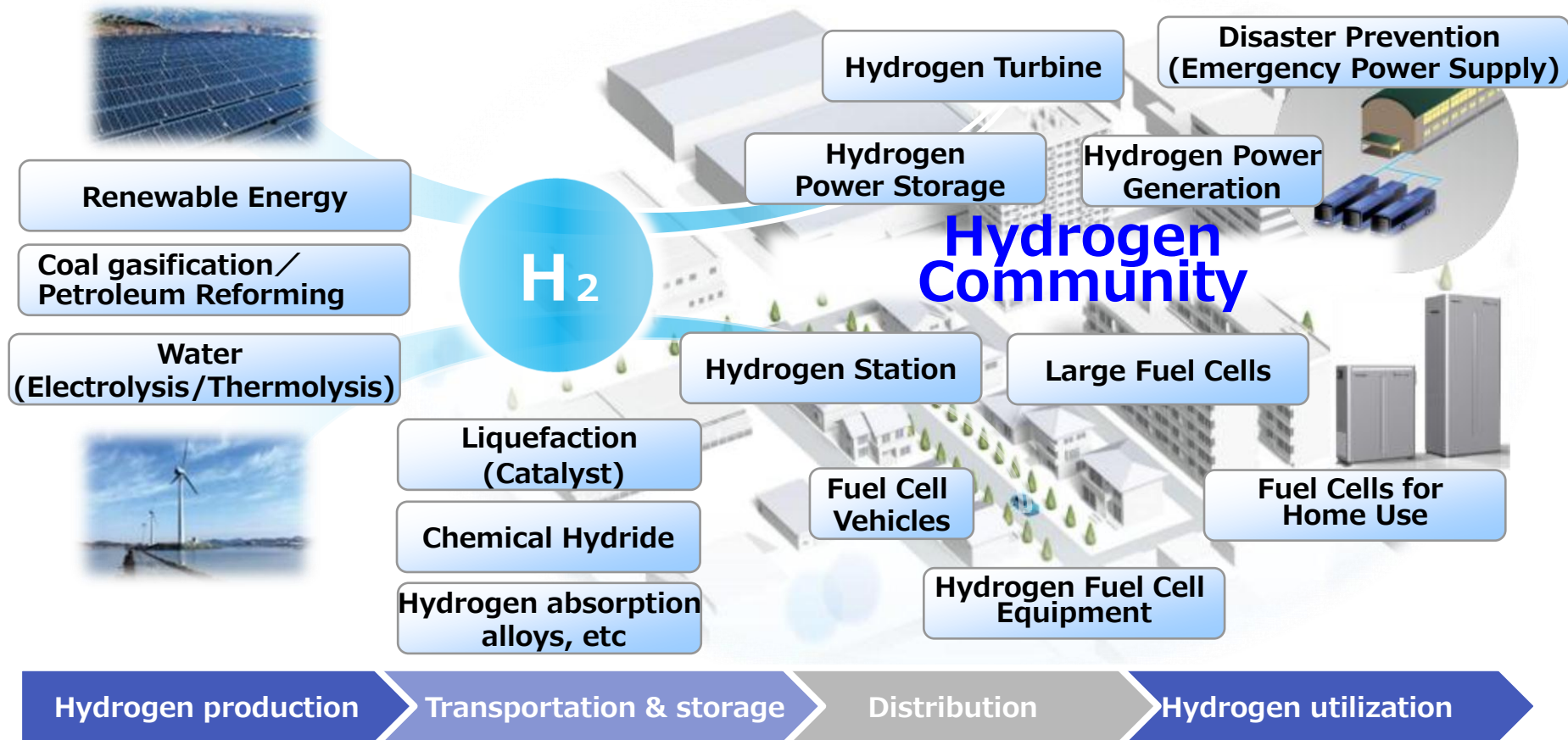
POS terminals & cash registers
RFID*

Hydrogen Infrastructure Business

Next-generation in society will realize clean and stable power supply, without depending on resource imports

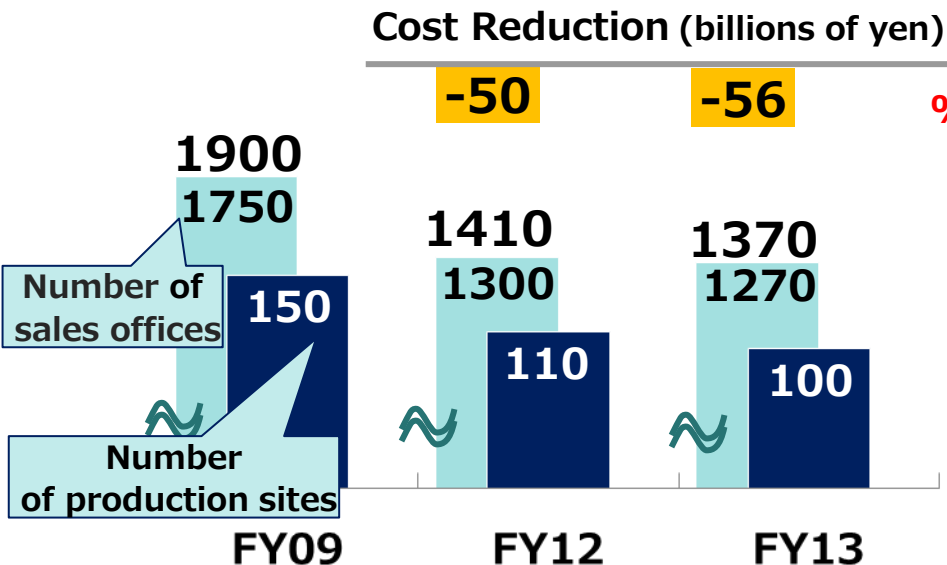
Target Market: ¥10T in 2020 → ¥80T in 2040*

Estimated hydrogen supply in 2020 in Japan: hydrogen supply of 1B to 10B Nm³/year



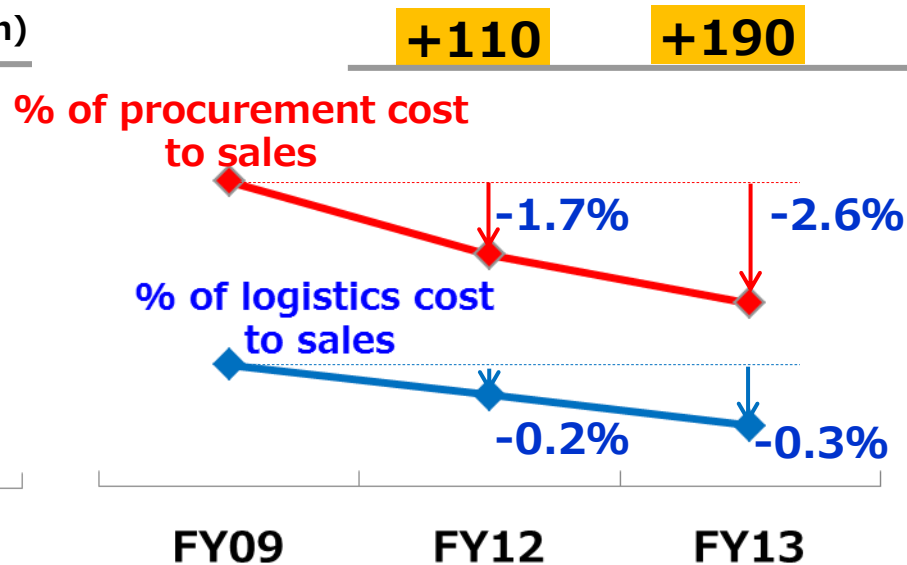
Productivity Improvement Efforts

Optimize Business Locations



Globally Integrate Procurement and Logistics

Marginal Profit Improvement (billions of yen)



Reduction in Fixed Expenses

FY08→FY09 Reduced fixed expenses by 430 billion yen in total

FY09→FY13 Reduced fixed expenses by 164 billion yen in total

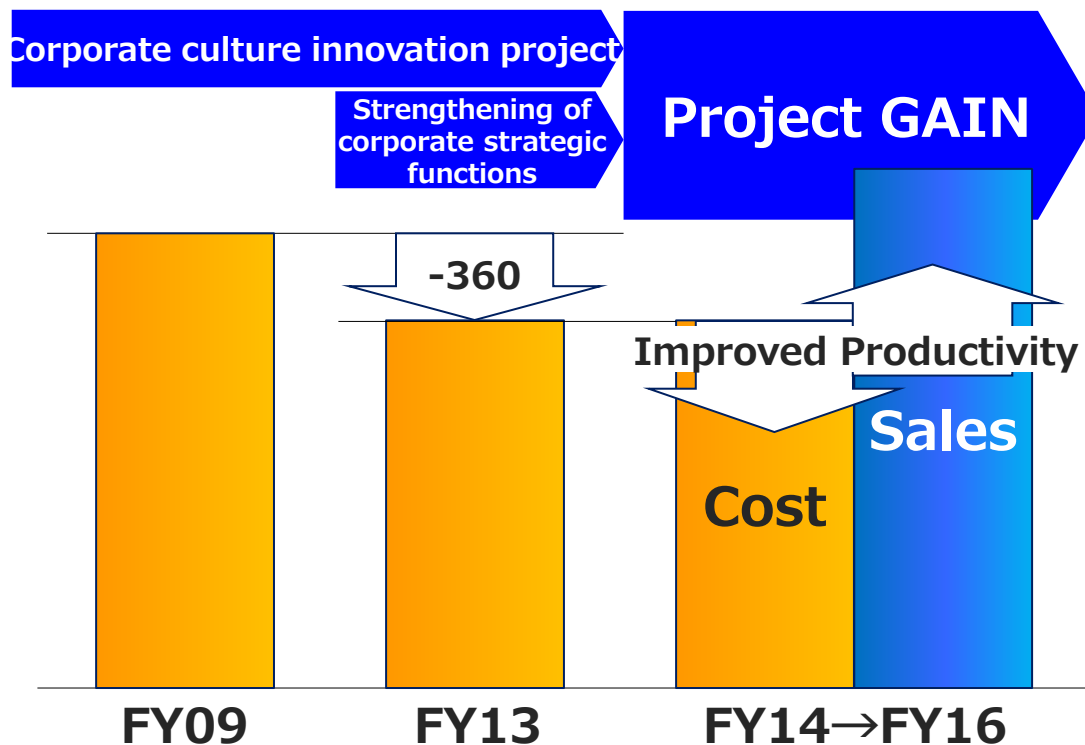
Productivity Improvement Project

“Project GAIN”

Global **A**ction for **I**nnovative Enterprise

Transforming Toshiba into a truly global and innovative enterprise

Thinking outside the box to review processes in all areas in order to optimize total costs and utilize resources and assets more efficiently



Procurement

Production

Logistics

Quality Control

Marketing & Sales

R&D

Employee Productivity

Process efficiency
Office optimization

Creating benefit
Of ¥300 billion
in 3 years

Globally Develop Diverse, Talented, Creative People

Aggressively promote diversity as a source for innovation

FY13 ⇒ FY16

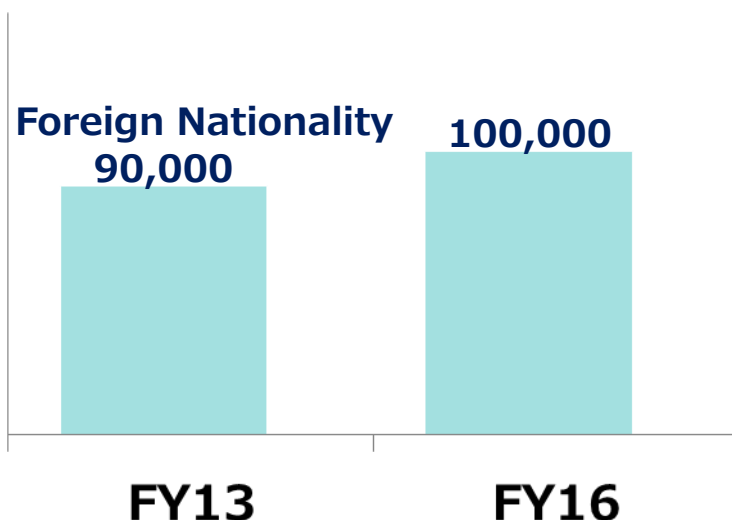
Overseas sales ratio **58%** **63%**



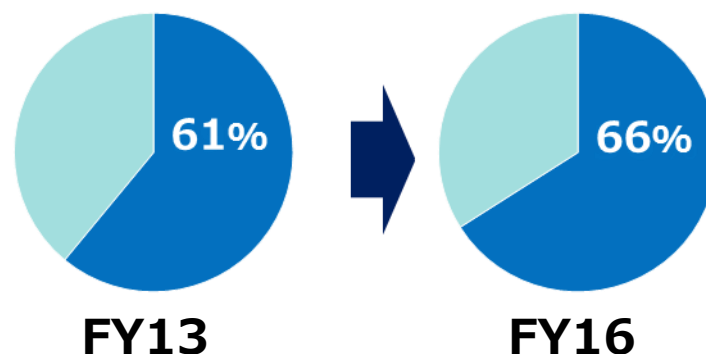
Enhance talented management in tune with business globalization

Employees of Foreign Nationality

Localizing Presidents of Overseas Subsidiaries



※Consolidated Basis



Establishing universal personnel assessment and treatment policies
Adopting dynamic global personnel exchanges

Moving Forward with CSR Environmental Management

Establishing Toshiba as a Eco-Leading Company

Deepening environmental management

Increasing the sales of excellent ECP products

- Combined-cycle power generation systems for the Ishikariwan Shinko Power Station

Power generation efficiency of 62%



- Magnetic resonance imaging (MRI) systems: Vantage ELAN

Space-saving
Minimum power supply capacity and power consumption



Realization of No. 1 environmental performance

Expansion of profitability and market share

Expanding environmental management

A Day of Global Environmental Action Passing the "Toshiba Baton" of environmental activities at bases



World Environment Day, June 5th

Raising environmental awareness of and developing the bonds among all employees

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Key Points of FY2014 Mid-Term Business Plan

Growth Engine

Value Innovation
New Concept Innovation

Alliance + M&A

**Priority on Healthcare,
Storage and Energy**

Project GAIN

**Generating additional
investment funds through
Process Innovation**

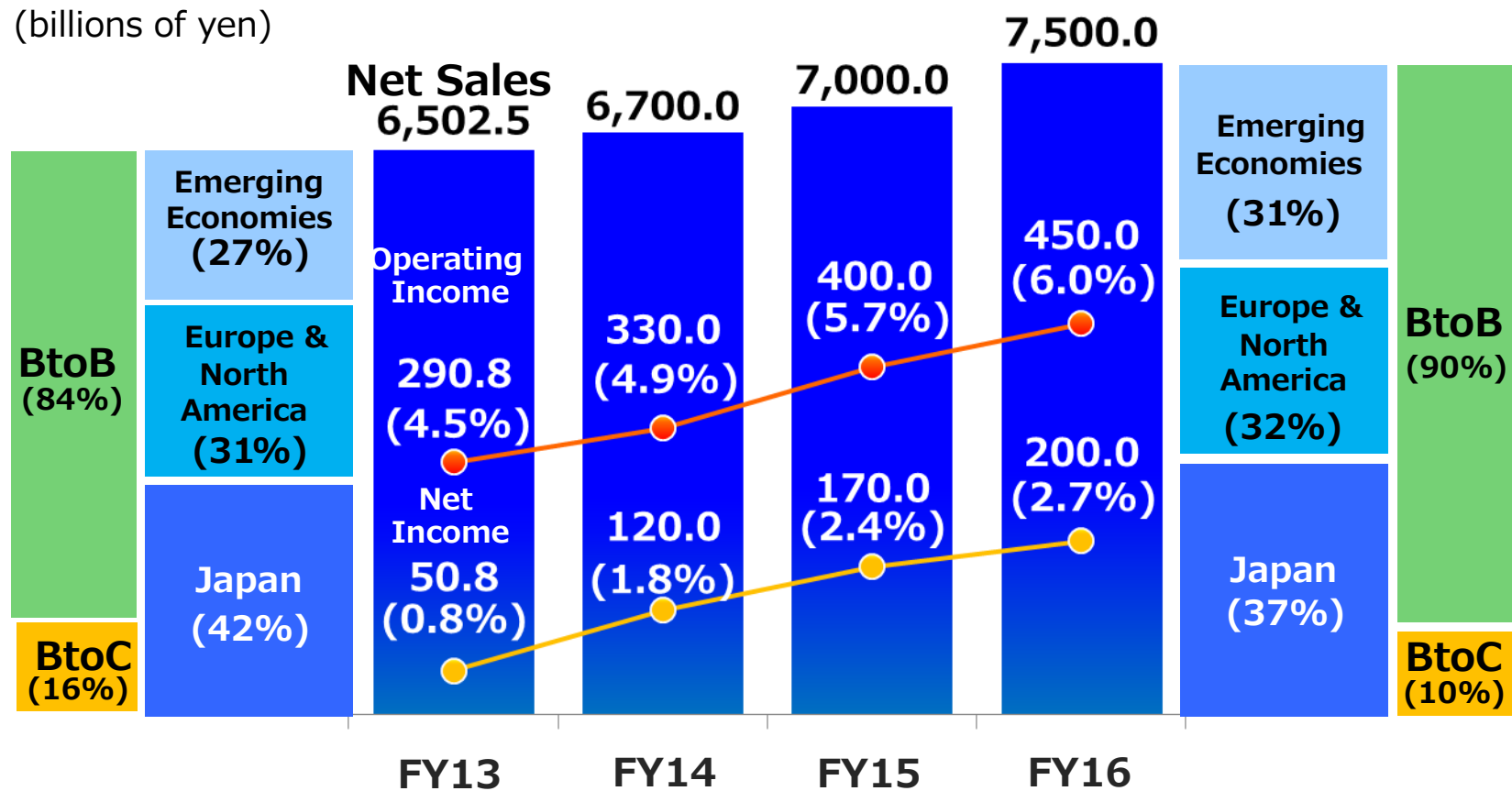
**Produce funds through strengthening earnings power
and making effective investment decisions**

**Compatibly balancing both creative growth and the
strengthening of the financial base**

FY2016 Targets

Pursue steady growth through expanding the ratio of sales outside of Japan and accelerating shift to B to B

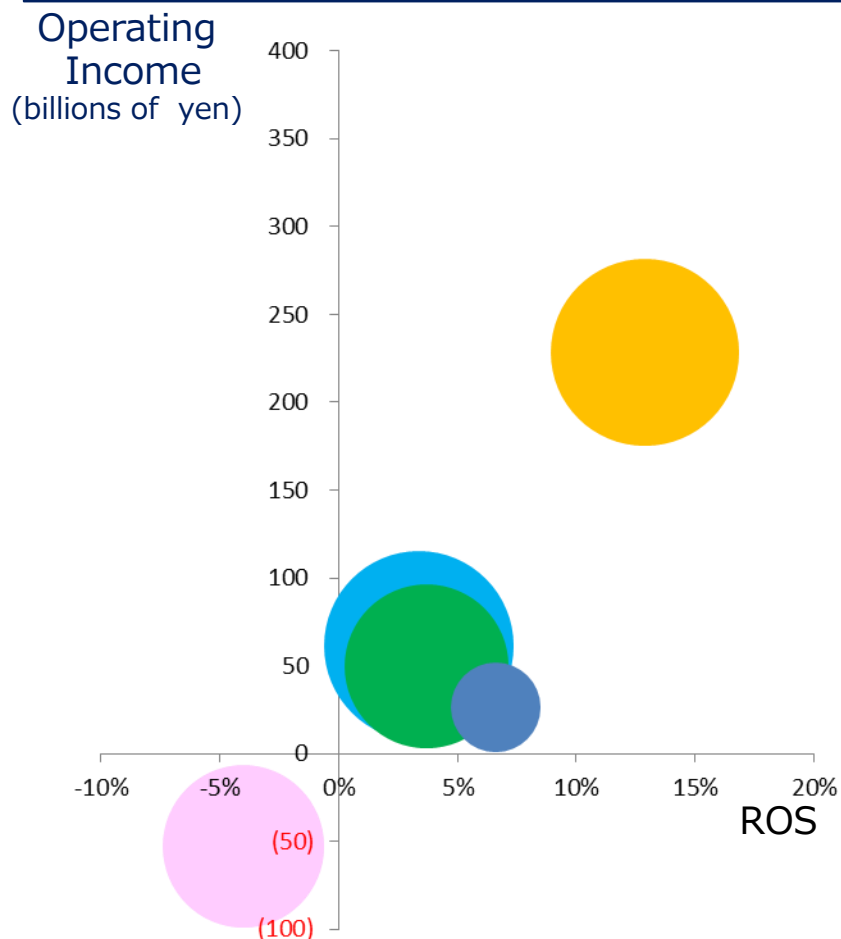
(billions of yen)



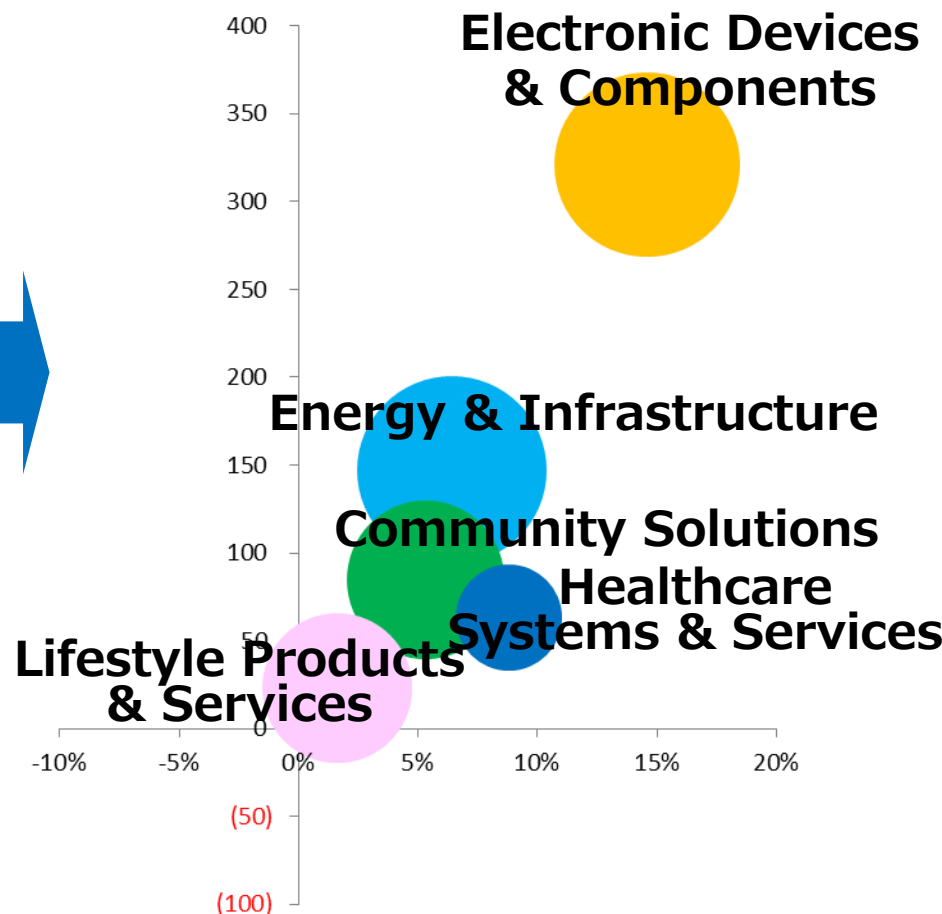
Scenario for Improving Profit

Target 5% or more ROS in all business fields

FY2013



FY2016



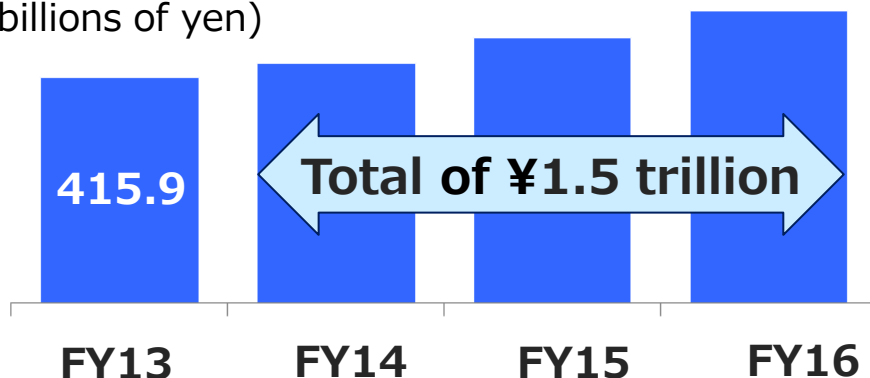
*Size of the circles indicates the level of net sales

Resource Investments

Focus on three pillars: Healthcare, Storage, Energy

Capital Expenditures and loans

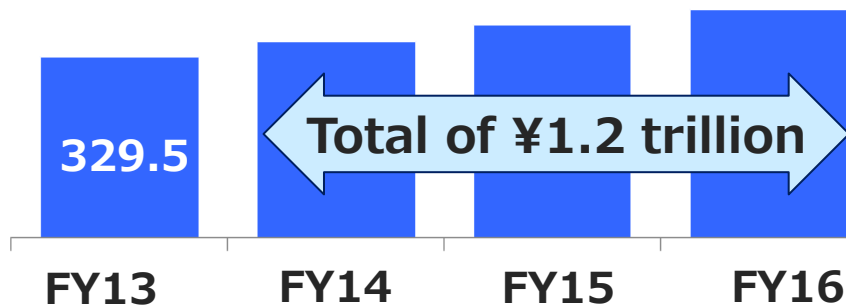
(billions of yen)



- NAND: 15nm/BiCS mass production
- Storage services
- New business domains in medical and healthcare fields
- Establish services for energy business

R&D Expenditures

(billions of yen)

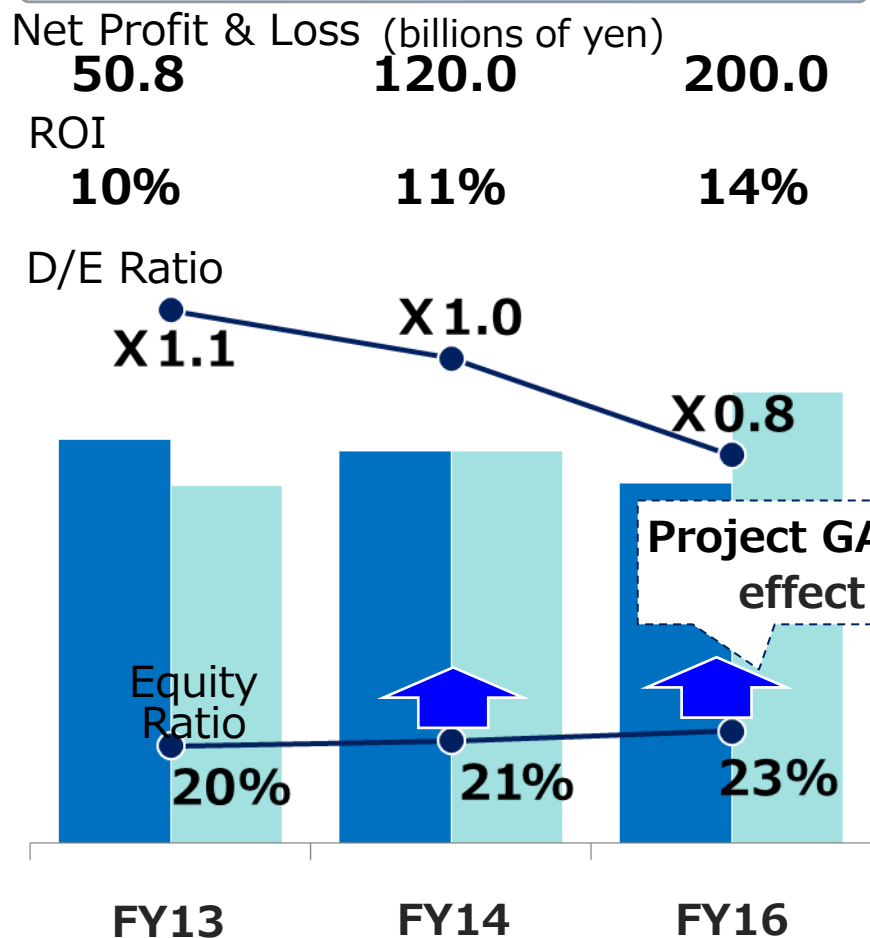


- Long-range, next-generation businesses
 - Next-generation energy
 - Healthcare
 - SiN for automobiles
 - Global Navigation Satellite Systems
- SSD/HDD technology advances

Improving Financial Base

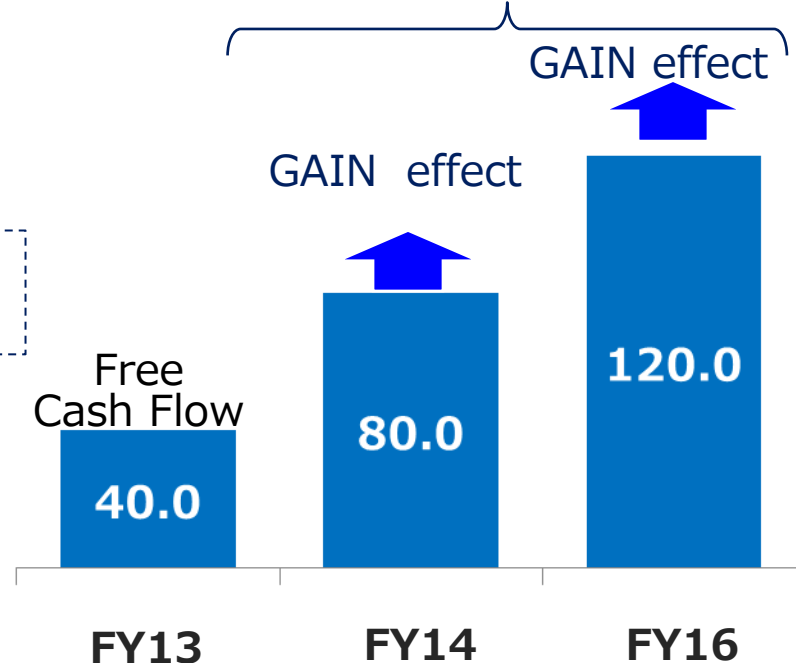
Secure healthy financial base and gain additional investment funds as result of Project GAIN

Strengthening Financial Base



Creating Cash Flow

Funds earned in GAIN Project will be utilized to invest for growth together with investment to strengthen the financial base



1. Performance and Achievements in FY2013

2. Action Plans for Creative Growth and Innovation

i. Toshiba's Vision

ii. Creatively Seeking Value Creation

iii. Pursuing Productivity Improvement

iv. Developing Diverse, Creative Talent

v. Moving Forward with CSR Management

3. Overview of FY2014 Mid-Term Business Plan



4. Conclusion

Compatibly Balancing Both Creative Growth and the Strengthening the Financial Base

1. Promote a healthy financial base

2. Organic growth

- ◆ Storage: Expand our **strong NAND** business to enterprise fields
- ◆ Energy: Expand business centering on **low carbon technologies**
- ◆ Healthcare: **Expand medical system** and new healthcare domain businesses

3. Enhance profitability

- ◆ Strengthen maintenance and service businesses
- ◆ Nuclear Business: Maintenance and services for existing plants, Fuel businesses
- ◆ Business restructuring in Lifestyle Products & Services

Conclusion

Toshiba Group will accelerate growth through 'Creativity and Innovation' by aiming at:

**FY2014 Exceeding Highest Level
Ever of Operating Profit**
(315.9 billion yen in 1989)

**FY2015 Exceeding Highest Level
Ever of Net Profit**
(137.8 billion yen in 2010)

**FY2016 Exceeding Highest Level
Ever of Net Sales**
(7,668.1 billion yen in 2007)

Human Smart Community

by Lifenology – the technology life requires



Forward-looking Statements

- This presentation contains forward-looking statements concerning Toshiba Group'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.
- As a global entity, operating a wide range of businesses in countries and regions with widely different market environments, Toshiba wishes to caution that actual results may differ materially from our expectations due to 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's fiscal year runs from April 1 to March 31, unless otherwise stated.

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