

**FOR IMMEDIATE RELEASE**

July 29, 2008

**Toshiba Announces Consolidated Results  
for the First Quarter of Fiscal Year Ending March 2009**

TOKYO--Toshiba Corporation today announced its consolidated results for the first quarter (April-June) of fiscal year (FY) 2008, ending March 31, 2009. All comparisons in the following Overview of Consolidated Results for the first quarter of FY2008 are based on the same period a year earlier, unless otherwise stated.

**Overview**

	(billion yen)	
	1Q of FY2008	Change from 1Q of FY2007
Net sales	1,618.7	-45.9
Operating income (loss)	-24.2	-45.4
Income (loss) before income taxes and minority interest	-16.4	-50.4
Net income (loss)	-11.6	-32.2

The global economy will continue to face difficulties on increasing risk of a slowdown, as concerns grow for rising inflation and confusion in financial markets. While the emerging economies maintained high growth rates, the US economy slowed due to the subprime mortgage crisis, the full extent of which still remains unclear, and rising crude oil prices. Europe, which had seen relatively healthy economy in the previous period, also saw a deteriorating growth trend, as price increases weakened consumer spending. The Japanese economy is entering a severe slowdown phase, on the impact of the slowdown in the global economy and surging crude oil prices.

In these circumstances, although Toshiba proceeded with proactive management, including strategic allocation of resources grounded in the Group strategy of achieving sustained growth with profit, Toshiba's overall consolidated sales were 1,618.7 billion yen (US\$15,270.9 million), a decrease of 45.9 billion yen that was influenced by sharp yen appreciation against the dollar and steep declines in semiconductor sales prices.

Toshiba Group, as a *corporate citizen of planet Earth*, practices environmental management that promotes harmony with the Earth, contributing to the creation of a richer lifestyle for society.



Consolidated operating income (loss) declined by 45.4 billion yen to -24.2 billion yen (-US\$228.1 million). While Digital Products moved into the black and Social Infrastructure posted a solid performance, Electronic Devices, particularly the Semiconductor business, saw significantly lower operating income. Income (loss) before income taxes and minority interest decreased by 50.4 billion yen to -16.4 billion yen (-US\$154.7 million) and net income (loss) decreased by 32.2 billion yen to -11.6 billion yen (-US\$109.5 million).

### **Consolidated Results for the First Quarter FY2008 by Segment**

(billion yen)

	Net Sales			Operating Income (Loss)	
		Change*			Change*
Digital Products	644.3	-19.6	-3%	13.2	+15.5
Electronic Devices	365.7	-9.9	-3%	-34.2	-50.9
Social Infrastructure	488.7	+20.0	+4%	4.3	+3.4
Home Appliances	172.1	-14.6	-8%	-6.9	-4.3
Others	84.0	-17.0	-17%	-1.1	-9.8
Eliminations	-136.1	-	-	0.5	-
Total	1,618.7	-45.9	-3%	-24.2	-45.4

(\* Change from the year-earlier period)

#### **Digital Products:** Lower Sales and Higher Operating Income

The Digital Media Network business generated increased sales on solid performances in TV and hard disk drives, and in spite of the impact of the withdrawal from the HD DVD business. The Retail Information Systems and Office Equipment business, however, saw lower sales following a spike in demand in the year earlier period, and as a result overall segment sales were lower. However, despite this, operating income (loss) was higher and moved into the black. Although the Mobile Phones business saw a lower performance, the PC business and Digital Media Network business, particularly TV and hard disk drives, posted higher operating income.

#### **Electronic Devices:** Lower Sales and Significantly Lower Operating Income (Loss)

Electronic Devices saw overall sales decline on lower sales in the Semiconductor business, primarily in system LSIs and NAND flash memory. Despite an improved performance in the LCD business, segment operating income (loss) fell significantly into the red as a deteriorated performance in system LSIs, declines in sales prices for NAND flash memories, and the influence of yen appreciation took the Semiconductor business into the red.

#### **Social Infrastructure:** Higher Sales and Higher Operating Income

Social Infrastructure generated increased sales, on higher sales in the Power Generation

Systems business and the Transmission Distribution & Industrial Systems business. The segment also recorded increased profitability. While results in the Social Infrastructure Systems business were lower, the Power Generation Systems and Elevator businesses saw healthy performances and the IT Solutions business also improved.

**Home Appliances:** Lower Sales and Lower Operating Income (Loss)

Home Appliances saw decreased sales and operating income (loss), as slumping personal consumption undermined sales in the Household Appliances business and the amendment of the Building Standards Law affected the Lighting and Air-conditioning businesses.

**Others:** Lower Sales and Lower Operating Income (Loss)

Others saw decreased sales and operating income (loss), primarily on lower sales of real estate.

Note:

Toshiba's Consolidated Financial Statements are based on U.S. generally accepted accounting principles. The consolidated segment information is presented based on Article 15 of the Regulations for Quarterly Consolidated Financial Statements of Japan instead of Statement of Financial Accounting Standards ("SFAS") No. 131 of the U.S. Financial Accounting Standards Board.

Operating income (loss) is, in accordance with accounting practices in Japan, derived from a value that deducts the cost of sales and selling, general and administrative expense from net sales, allowing comparison with other companies in Japan. Some items that are classified as operating income (loss) under U.S. GAAP may be presented as non-operating income (loss).

**Financial Position and Cash Flows for the First Quarter of FY2008**

Total assets increased by 249.9 billion yen from the end of March 2008 to 6,185.5 billion yen (US\$58,353.6 million).

Shareholders' equity increased to 1,049.8 billion yen (US\$9,904.1 million), an increase of 27.5 billion yen from the end of March 2008, largely reflecting an improvement in other comprehensive income (loss) of 58.4 billion yen due to gains on foreign currency exchange and other factors, in spite of a net loss of -11.6 billion yen.

Total debt increased by 287.8 billion yen from the end of March 2008 to 1,548.8 billion yen (US\$14,611.6 million).

As a result of the foregoing, the debt-to-equity ratio was 148%, a 25-point worsening from the end of March 2008.

Free cash flow was -206.9 billion yen, 63.5 billion yen lower than for the same period of the previous year. The worsened net income (loss) was the primary cause of lowered cash flows from operating activities. Cash flows from investing activities worsened against the same period of the previous year.

## **Performance Projections for FY2008**

Toshiba's business projections for its consolidated results for the fiscal year 2008 remain unchanged from the projections announced on April 25, 2008 as it is necessary to carefully assess emerging trends in the business environment. The projections will be revised if necessary and immediately announced.

### **Others**

- (1) Changes in significant subsidiaries during the period (changes in Specified Subsidiaries ("Tokutei Kogaisha") involving changes in the scope of consolidation):  
None
- (2) Use of simplified accounting procedures: None
- (3) Change of accounting policies from the most recent consolidated fiscal accounting year: None

The consolidated segment information is presented based on Article 15 of the Regulations for Quarterly Consolidated Financial Statements of Japan.

### **Disclaimer:**

This report of business results contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group. These statements are based on management's assumptions and beliefs in light of the economic, financial and other data currently available. Furthermore, they are subject to a number of risks and uncertainties. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations. Major risk factors that may have a material influence on results are indicated below, though this list is not necessarily exhaustive.

- Disputes including lawsuits in Japan and other countries;
- Changes in political and economic conditions in Japan and abroad; unexpected regulatory changes;
- Major disasters, including earthquakes and typhoons;
- Rapid changes in the supply/demand situation in major markets and intensified price competition;
- Significant capital expenditure for production facilities and rapid changes in the market;
- Success or failure of alliances or joint ventures promoted in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in financial markets, including fluctuations in interest rates and exchange rates.

### **Note:**

For convenience only, all dollar figures used in reporting fiscal year 2008 first quarter results are valued at 106 yen to the dollar.

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