

Interim Consolidated Financial Statements
(Quarterly Consolidated Financial Statements)

These Quarterly Consolidated Financial Statements are translation of original Japanese version. English versions of these Quarterly Consolidated Financial Statements have not been audited by independent auditors. However, the original Japanese version has been reviewed by independent auditors and is issued on November 10, 2008.

Quarterly Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	Note	FY2008 As of Sep. 30, 2008		FY2007 As of Mar. 31, 2008			
		Amount	Ratio	Amount	Ratio		
Assets							
I. Current assets							
1. Cash and cash equivalents		266,677		248,649			
2. Notes and accounts receivable, trade							
(1) Notes		69,023		80,312			
(2) Accounts		1,149,845		1,253,108			
(3) Allowance for doubtful notes and accounts		△20,880	1,197,988	△21,417	1,312,003		
3. Inventories	4		1,048,353		851,452		
4. Deferred tax assets			221,114		148,531		
5. Other receivables			152,671		166,622		
6. Prepaid expenses and other current assets			246,348		202,125		
Total current assets			3,133,151	51.8	2,929,382	49.4	
II. Long-term receivables and investments							
1. Long-term receivables			5,993		7,423		
2. Investments in and advances to affiliates			332,824		321,166		
3. Marketable securities and other investments	3		235,732		264,149		
Total long-term receivables and investments			574,549	9.5	592,738	10.0	
III. Property, plant and equipment							
1. Land			128,144		128,210		
2. Buildings			1,185,461		1,160,549		
3. Machinery and equipment			2,628,174		2,598,042		
4. Construction in progress			123,704		215,937		
			4,065,483		4,102,738		
5. Accumulated depreciation			△2,818,047		△2,770,560		
Total property, plant and equipment			1,247,436	20.7	1,332,178	22.4	
IV. Other assets							
1. Goodwill and other intangible assets			665,020		653,910		
2. Deferred tax assets			280,197		285,757		
3. Other assets			144,452		141,672		
Total other assets			1,089,669	18.0	1,081,339	18.2	
Total assets			6,044,805	100.0	5,935,637	100.0	

(Millions of yen)

	Note	FY2008 As of Sep. 30, 2008		FY2007 As of Mar. 31, 2008		
		Amount	Ratio	Amount	Ratio	
Liabilities						
I. Current liabilities						
1. Short-term borrowings	5	659,973		257,831		
2. Current portion of long-term debt	5	279,894		262,422		
3. Notes payable, trade		47,031		55,870		
4. Accounts payable, trade		1,183,542		1,168,389		
5. Accounts payable, other and accrued expenses		392,992		516,046		
6. Accrued income and other taxes		34,396		89,763		
7. Advance payments received		283,272		248,280		
8. Other current liabilities	12, 13	401,526		387,386		
Total current liabilities		3,282,626	54.3	2,985,987	50.3	
II. Long-term liabilities						
1. Long-term debt	5	653,523		740,710		
2. Accrued pension and severance costs	6	627,072		634,589		
3. Other liabilities		164,450		182,175		
Total long-term liabilities		1,445,045	23.9	1,557,474	26.3	
Total liabilities		4,727,671	78.2	4,543,461	76.6	
Minority interest in consolidated subsidiaries		363,033	6.0	369,911	6.2	
Shareholders' equity						
I. Common stock						
Authorized-10,000,000,000 shares						
Issued :						
Sep. 30, 2008-3,237,602,026 shares		280,281	4.6			
Mar. 31, 2008-3,237,031,486 shares				280,126	4.7	
II. Additional paid-in capital						
		291,137	4.8	290,936	4.9	
III. Retained earnings						
		716,594	11.9	774,461	13.0	
IV. Accumulated other comprehensive loss						
		△332,532	△5.5	△322,214	△5.4	
V. Treasury stock, at cost :						
Sep. 30, 2008-1,889,695 shares		△1,379	△0.0			
Mar. 31, 2008-1,442,645 shares				△1,044	△0.0	
Total shareholders' equity		954,101	15.8	1,022,265	17.2	
Total liabilities, Minority interest and Shareholders' equity		6,044,805	100.0	5,935,637	100.0	

2. Consolidated Statement of Income
First six months of FY2008

(Millions of yen)

		Six months ended September 30, 2008	
	Note	Amount	Ratio
I. Sales and other income			
1. Net sales		3,495,830	100.0
2. Interest and dividends		11,193	0.3
3. Equity in earnings of affiliates		10,067	0.3
4. Other income		18,970	0.6
		3,536,060	101.2
II. Costs and expenses			
1. Cost of sales	8	2,710,751	77.5
2. Selling, general and administrative		808,547	23.1
3. Interest		16,905	0.5
4. Other expense	7,8	63,362	1.9
		3,599,565	103.0
III Income (loss) before income taxes and minority interest		△63,505	△1.8
IV Income taxes		△28,006	△0.8
V Income (loss) before minority interest		△35,499	△1.0
VI Minority interest in income of consolidated subsidiaries		2,955	0.1
VII Net income (loss)		△38,454	△1.1
Per share (Yen)			
1. Basic net income (loss) per share	10	△11.88	
2. Diluted net income per share	10	—	
3. Cash dividends per share		5.00	

	Note	Three months ended September 30, 2008	
		Amount	Ratio
I. Sales and other income			
1. Net sales		1,877,111	100.0
2. Interest and dividends		5,173	0.3
3. Equity in earnings of affiliates		4,364	0.2
4. Other income		8,930	0.5
		1,895,578	101.0
II. Costs and expenses			
1. Cost of sales	8	1,461,744	77.9
2. Selling, general and administrative		414,660	22.1
3. Interest		8,876	0.5
4. Other expense	7,8	57,402	3.1
		1,942,682	103.5
III Income (loss) before income taxes and minority interest		△47,104	△2.5
IV Income taxes		△21,396	△1.1
V Income (loss) before minority interest		△25,708	△1.4
VI Minority interest in income of consolidated subsidiaries		1,141	0.0
VII Net income (loss)		△26,849	△1.4
Per share (Yen)			
1. Basic net income (loss) per share	10	△8.30	
2. Diluted net income per share	10	—	
3. Cash dividends per share		5.00	

3. Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2008	
	Amount	
I Cash flows from operating activities		
1. Net loss		△38,454
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	171,963	
(2) Provisions for pension and severance costs, less payments	60	
(3) Deferred income tax provision	△61,260	
(4) Equity in (earnings) losses of affiliates, net of dividends	△3,568	
(5) (Gain) loss from sales, disposal and impairment of property, plant and equipment, net	12,629	
(6) Gain from sales and impairment of securities and other investments, net	7,632	
(7) Minority interest in income of consolidated subsidiaries	2,955	
(8) Decrease in notes and accounts receivable, trade	113,339	
(9) Increase in inventories	△194,496	
(10) Increase in notes and accounts payable, trade	9,491	
(11) Increase in accrued income and other taxes	△55,272	
(12) Increase in advance payments received	31,457	
(13) Other	△22,752	12,178
Net cash provided by operating activities		△26,276
II Cash flows from investing activities		
1. Proceeds from sale of property, plant and equipment		149,407
2. Proceeds from sale of securities		1,218
3. Acquisition of property, plant and equipment		△299,337
4. Purchase of securities		△20,165
5. Increase in investments in affiliates		△9,208
6. Other		△47,481
Net cash used in investing activities		△225,566
III Cash flows from financing activities		
1. Proceeds from long-term debt		34,819
2. Repayment of long-term debt		△104,988
3. Increase in short-term borrowings, net		370,478
4. Dividends paid		△24,590
5. Repurchase of subsidiary common stock		△1,245
6. Purchase of treasury stock, net		△337
Net cash provided by financing activities		274,137
IV Effect of exchange rate changes on cash and cash equivalents		△4,267
V Net increase in cash and cash equivalents		18,028
VI Cash and cash equivalents at beginning of year		248,649
VII Cash and cash equivalents at end of period		266,677

Supplemental Disclosure of Cash Flow Information

Noncash financing activities	
Conversion of convertible bonds	310

Notes to Quarterly Consolidated Financial Statements

1. Principles and Procedures for Accounting Treatment and Presentation Method of Quarterly Consolidated Financial Statements

These quarterly consolidated financial statements conform to U.S. generally accepted accounting principles (including Accounting Research Bulletins ("ARB"), Accounting Principles Board ("APB") Opinions, and the Statements of Financial Accounting Standard of the Financial Accounting Standards Board) and accounting practices in the United States. However, segment information is prepared in conformity to Article 15 of the "Regulations Concerning Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" (promulgated in 2007, Japanese Cabinet Office Ordinance No. 64 ; collectively "Regulations of Quarterly Consolidated Financial Statements") instead of the Statement of Financial Accounting Standard ("SFAS") No. 131.

Quarterly consolidated financial statements do not include some information and notes required by the accounting standards generally accepted in the United States concerning quarterly consolidated financial statements such as SFAS No. 157, Fair Value Measurements. The Company records all adjustments (including ordinary deferred and accrued accounts) necessary for the proper presentation of the quarterly consolidated financial statements.

The Company issued American Depository Receipts in February 1962 and European Depository Receipts in February 1970. In issuing them, the Company prepared and disclosed consolidated financial statements based on the terminology, forms and preparation methods required in connection with offering and placement of American Depository Receipts ("U.S.-style Consolidated Financial Statements") . For this reason, the Company submitted an "Application for approval pursuant to handling guideline No. 86 for the Regulations of Consolidated Financial Statements" to the Minister of Finance on March 22, 1978, and obtained approval under the Ministry of Finance Certificate No. 494 dated March 31 in the same year. Since then, the Company has prepared and disclosed U.S.-style Consolidated Financial Statements.

Toshiba Corporation issued American Depository Receipts in February 1962 and terminated in November 1978.

Of the principles and procedures for accounting treatment that Toshiba adopted in the preparation of these quarterly consolidated financial statements and presentation methods of quarterly consolidated financial statements, those that are different from the principles and procedures for accounting treatment and presentation methods in Japan and which are significant are as follows.

In the following notes, "the Company" refers, in principle, to "Toshiba Corporation and its consolidated subsidiaries."

1) Minority interest in consolidated subsidiaries

On the consolidated balance sheets for quarterly reporting minority interest in consolidated subsidiaries is presented as an independent item between liabilities and shareholders' equity.

2) Format of consolidated statements of income for quarterly reporting

The single step income statement (under which profit and loss are presented by deducting total costs and total expenses from total income) is adopted as the format of consolidated statements of income for quarterly reporting.

3) Accrued pension and severance costs

Accrued pension and severance costs are recorded in accordance with SFAS No.87, Employers' Accounting for Pensions, SFAS No.158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No.87, 88, 106, and 132 (R) . Settlements and curtailments of retirement benefit plans and transfer to the Japanese government of the substitutional portion of employee pension are accounted for in accordance with SFAS No.88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and Issue 03-2 of the Emerging Issues Task Force, Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities.

The influence of these accounting treatments on income (loss) before income taxes and minority interest amounted to ¥5,757 million (profit) in the first six months of FY2008 and ¥3,037 million (profit) in the second quarter of FY2008.

4) Comprehensive income (loss)

The Company discloses, in Note 9 herein, information on comprehensive income (loss) , comprising net loss as well as net unrealized gains and losses on securities, foreign currency translation adjustments, pension liability adjustment and other comprehensive income (loss) , which is the amount of fluctuations in net unrealized gains and losses on derivative instruments, based on SFAS No. 130, Reporting Comprehensive Income.

5) Asset retirement obligations

The Company records asset retirement obligations in accordance with SFAS No.143, Accounting for Asset Retirement Obligations, and FASB Interpretation No.47, Accounting for Conditional Asset Retirement Obligations, an Interpretation of SFAS 143.

6) Allowance for compensated absences

The Company records an amount equivalent to personnel expenses on unused compensated absences of employees as accrued expenses in accordance with SFAS No.43, Accounting for Compensated Absences.

7) Goodwill and other intangible assets

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually in accordance with SFAS No.142, Goodwill and Other Intangible Assets.

2. Summary of Significant Accounting Policies

1) Property, plant and equipment

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment associated with domestic operations has been computed generally by the 250% declining-balance method with estimated residual value reduced to a nominal value. Depreciation for property, plant and equipment for foreign subsidiaries are generally computed using the straight-line method.

Effective April 1, 2008, the Company has revised the useful lives of the manufacturing equipment of the Company and some of its domestic subsidiaries and shortened them from the first six months of FY2008. The Company recognized that the economic lives of manufacturing equipment are becoming substantially shorter due to increased global competition faced by the Company's products. This change in useful lives is a change in accounting estimate in accordance with SFAS No. 154, Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3.

Therefore, this change in the useful lives will impact on the financial results on and after April 1, 2008. Loss before income taxes and minority interest deteriorated ¥5,443 million and ¥2,822 million for the first six months and the second quarter of FY2008, respectively, with net loss deteriorating ¥3,135 million and ¥1,620 million, respectively, for the same periods under review, compared with the figures under the

previous method. Basic net loss per share for the first six months and the second quarter of FY2008 also deteriorated ¥0.97 and ¥0.50, respectively.

2) Accounting treatments special for quarterly financial statements

Calculation of income tax expense

Regarding income tax expense, the Company rationally estimates the effective tax rate after applying tax effect accounting with respect to income (loss) before income taxes and minority interest, for the fiscal year that includes the six-month period under review, and calculates income tax expense by multiplying the loss before income taxes and minority interest for the six-month period under review by the applicable estimated effective tax rate.

3) New accounting standards

Fair value

The Company has adopted SFAS No. 157, for the consolidated fiscal year beginning April 1, 2008, and beyond. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

In addition, the Company has adopted FASB Staff Position No. FAS157-1, Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement No. 13, and No. FAS157-2, Effective Date of FASB Statement No. 157, which partially delay the effective date of SFAS 157 for one year for certain nonfinancial assets and liabilities and remove certain leasing transactions from its scope.

The Company measures fair values based on the assumption that they will be used by market participants when calculating the price of assets or liabilities. The adoption of FASB No. 157 has no material impact on the quarterly consolidated financial statements of the Company.

4) Reclassifications

Certain reclassifications to the consolidated financial statements and related footnote amounts for FY2007 have been made to conform to the presentation for the second quarter of FY2008.

3. Marketable Securities and Other Investments

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities classified as available-for-sale securities by security type at September 30, 2008 and March 31, 2008 are as follows :

(Millions of yen)

	September 30, 2008			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Equity securities	130,183	72,242	13,340	189,085
Debt securities	3,513	0	0	3,513
	<u>133,696</u>	<u>72,242</u>	<u>13,340</u>	<u>192,598</u>

(Millions of yen)

	March 31, 2008			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Equity securities	120,380	104,205	5,847	218,738
Debt securities	3,515	0	0	3,515
	<u>123,895</u>	<u>104,205</u>	<u>5,847</u>	<u>222,253</u>

4. Inventories

Inventories consist of the following :

(Millions of yen)

	September 30, 2008	March 31, 2008
Finished products	391,193	306,601
Work in process	457,863	368,990
Raw materials	199,297	175,861
	<u>1,048,353</u>	<u>851,452</u>

5. Collateralized Assets and Secured Liabilities

The Company offered property, plant and equipment as securities for the following liabilities at September 30, 2008 and March 31, 2008, with the book values of the assets respectively standing at ¥12,132 million and ¥11,749 million.

Secured liabilities are as follows :

	(Millions of yen)	
	September 30, 2008	March 31, 2008
Short-term borrowings and current portion of long-term debt	1,335	1,026
Long-term debt	2,647	3,271
Total	<u>3,982</u>	<u>4,297</u>

6. Accrued Pension and Severance Costs

The net periodic pension and severance costs for the first six months and the second quarter of FY2008 consist of the following :

	(Millions of yen)	
	<u>Six months ended September 30, 2008</u>	
Service cost		25,705
Interest cost on projected benefit obligation		19,402
Expected return on plan assets		△15,605
Amortization of prior service cost		△955
Recognized actuarial loss		10,953
Net periodic pension and severance cost		<u>39,500</u>

	(Millions of yen)	
	<u>Three months ended September 30, 2008</u>	
Service cost		12,876
Interest cost on projected benefit obligation		9,788
Expected return on plan assets		△7,887
Amortization of prior service cost		△371
Recognized actuarial loss		5,443
Net periodic pension and severance cost		<u>19,849</u>

7. Other Expense

Foreign exchange losses

The foreign exchange losses for the first six months and the second quarter of FY2008 were ¥3,686 million and ¥11,994 million, respectively.

Withdrawal from MBCO's broadcasting operations

Since its establishment, Mobile Broadcasting Corporation ("MBCO"), a consolidated subsidiary of the Company, strived to provide services to ever more users in an effort to expand its mobile digital multimedia broadcasting business. However, its inability to acquire a sufficient number of members complicated the survival of its broadcasting operations thus leading to the decision to withdraw from its business. MBCO will begin preparations to end its broadcasting operations aiming for complete withdrawal from all broadcasting services by March 31, 2009, and, upon the completion of various procedures, the business will be dissolved. Please note that as of September 30, 2008, the Company is continuing broadcasting operations, therefore, the Company does not present the separate financial reporting for MBCO's operations.

The major type of costs associated with the winding down of MBCO's operations for the first six months and the second quarter of FY2008 consists of the following :

	(Unit: Millions of yen)
	<u>First six months and 2nd quarter of FY2008</u>
Impairment losses of fixed assets	10,633
Customer support costs	4,213
Other	2,003
Total	<u><u>16,849</u></u>

8. Impairment of Long-lived Assets

For both the first six months and the second quarter of FY2008, the Company recorded impairment charges of ¥10,670 million related primarily to the broadcasting facilities of MBCO. These impairment charges are included mainly under other expense in the accompanying consolidated statement of income.

9. Shareholders' Equity

Common stock

The total number of authorized shares of the Company is 10,000,000,000.

The change in the total number of shares issued during the first six months and the second quarter of FY2008 consists of the following :

	(Share)
	<u>Six months ended September 30, 2008</u>
Shares issued at beginning of year	3,237,031,486
Increase due to conversion of convertible bonds with stock acquisition rights	570,540
Shares at end of period	<u><u>3,237,602,026</u></u>

	(Share)
	<u>Three months ended September 30, 2008</u>
Shares issued at beginning of period	3,237,584,991
Increase due to conversion of convertible bonds with stock acquisition rights	17,035
Shares at end of period	<u><u>3,237,602,026</u></u>

Comprehensive loss

Comprehensive loss for the first six months and the second quarter of FY2008 consists of the following :

	(Millions of yen)
	<u>Six months ended September 30, 2008</u>
Net loss	△38,454
Other comprehensive income (loss) :	
Net unrealized gains and losses on securities	△19,975
Foreign currency translation adjustments	2,430
Pension liability adjustments	5,927
Net unrealized gains and losses on derivative instruments	1,300
Comprehensive loss	<u><u>△48,772</u></u>

(Millions of yen)

Three months ended September 30, 2008

Net loss	<u>△26,849</u>
Other comprehensive income (loss) :	
Net unrealized gains and losses on securities	△25,813
Foreign currency translation adjustments	△47,981
Pension liability adjustments	3,010
Net unrealized gains and losses on derivative instruments	2,009
Comprehensive loss	<u><u>△95,624</u></u>

10. Net Loss per Share

The basis of the calculation of net loss per share for the first six months and the second quarter of FY2008 consists of the following :

	Six months ended September 30, 2008
	(Millions of yen)
Net loss available to common shareholders	<u>△38,454</u>
	(Thousands of shares)
Weighted-average number of shares of common stock outstanding for the period	<u>3,235,788</u>
	(yen)
Basic net loss per share of common stock	<u>△11.88</u>
	Three months ended September 30, 2008
	(Millions of yen)
Net loss available to common shareholders	<u>△26,849</u>
	(Thousands of shares)
Weighted-average number of shares of common stock outstanding for the period	<u>3,235,831</u>
	(yen)
Basic net loss per share of common stock	<u>△8.30</u>

Please note that the Company does not present diluted net income per share of common stock, although there are potential shares, because the Company reports a net loss per share.

11. Financial Instruments

The Company's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements, and currency options outstanding at September 30, 2008 and March 31, 2008 are summarized below:

	(Millions of yen)	
	September 30, 2008	March 31, 2008
Forward exchange contracts :		
To sell foreign currencies	280,509	329,575
To buy foreign currencies	237,578	330,063
Interest rate swap agreements	176,450	241,550
Currency swap agreements	130,057	133,136
Currency options	—	8,817

The estimated fair values of the Company's financial instruments at September 30, 2008 and March 31, 2008 are summarized as follows:

	(Millions of yen)			
	September 30, 2008		March 31, 2008	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Derivatives :				
Forward exchange contracts	△1,594	△1,594	△1,308	△1,308
Interest rate swap agreements	△671	△671	△2,063	△2,063
Currency swap agreements	295	295	2,275	2,275
Currency options	—	—	458	458

12. Contingent Liabilities

As of September 30, 2008, the maximum potential payments relating to guarantees is ¥344,878 million. These guarantees primarily consist of guarantees of unconsolidated affiliates and third party debt as well as residual value guarantees under sale and leaseback transactions. The carrying amounts of the liabilities for the Company's obligations under the guarantees were not significant.

As of September 30, 2008, contingent liabilities other than guarantees is ¥4,268 million.

13. Warranty

Estimated warranty costs are accrued for at the time the product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience. The following is a reconciliation of the product warranty accrual :

	(Millions of yen)	
	September 30, 2008	March 31, 2008
Balance at beginning of period	43,578	38,814
Warranties issued	21,856	48,316
Settlements made	△19,996	△39,578
Foreign currency translation adjustments	△156	△3,974
Balance at end of period	<u>45,282</u>	<u>43,578</u>

14. Legal Proceedings

In January 2007, the European Commission adopted a decision that imposed fines on 19 companies, including Toshiba Corporation, for infringing EU Competition Law in the gas insulated switchgear market. The decision imposed a fine of 86.25 million euro on Toshiba Corporation, plus a fine of 4.65 million euro jointly and severally with Mitsubishi Electric Corporation. Following its own investigation, Toshiba Corporation contends that it has not found any infringement of EU Competition Law, and it is bringing an action to the European Court of First Instance seeking annulment of the European Commission's decision.

The Company undertakes global business operation, and is involved in disputes, including lawsuits, and other legal procedures and is investigated by authorities. There will be also possibility of such a case in future. Due to differences in judicial systems and difficulties in predicting prospects in these procedures, it is difficult to rule out the possibility that the Company may be subject to an authoritative order requiring payment of an amount far exceeding normal expectations. Judgments unfavorable to the Company in these cases may impact on the Company's operations.

The Company's management believes that there are meritorious defenses to all of these legal procedures, including lawsuits and investigations. Based on the information currently available to both the Company and its legal counsel, management believes that such legal procedures, if any, would not have a material adverse effect on the financial position or the results of operations of the Company.

15. Segment Information

Industry segments

Second quarter of FY2008 (July 1, 2008 to September 30, 2008)

(Millions of yen)

	Digital products	Electronic devices	Social infrastructure	Home appliances	Others	Total	Eliminations or corporate	Consolidated
Net sales								
(1) Unaffiliated customers	701,050	395,892	570,648	187,535	21,986	1,877,111	—	1,877,111
(2) Intersegment	31,241	16,109	30,854	5,809	72,425	156,438	△156,438	—
Total	732,291	412,001	601,502	193,344	94,411	2,033,549	△156,438	1,877,111
Operating income	15,516	△29,230	19,486	△216	△4,524	1,032	△325	707

First six months of FY2008 (April 1, 2008 to September 30, 2008)

(Millions of yen)

	Digital products	Electronic devices	Social infrastructure	Home appliances	Others	Total	Eliminations or corporate	Consolidated
Net sales								
(1) Unaffiliated customers	1,323,060	744,343	1,031,377	353,720	43,330	3,495,830	—	3,495,830
(2) Intersegment	53,583	33,354	58,863	11,707	135,035	292,542	△292,542	—
Total	1,376,643	777,697	1,090,240	365,427	178,365	3,788,372	△292,542	3,495,830
Operating income	28,739	△63,481	23,824	△7,149	△5,616	△23,683	215	△23,468

Notes : 1. Industries are segmented based on the in-house management segments and in consideration of similarity of products, and types, nature, etc. of services.

2. Names of principal products that belong to each segment are as follows :

- (1) Digital products : PCs, mobile phones, imaging equipment, multifunctional devices, etc.
- (2) Electronic devices : Semiconductors, LCDs, etc.
- (3) Social infrastructure : Energy-related equipment, IT solutions, medical equipment, elevators, etc.
- (4) Home appliances : Refrigerators, washing machines, air conditioning equipment, lighting equipment, batteries, etc.
- (5) Others : Lease and sales of real estate, etc.

3. Operating income (loss) is calculated deducting cost of goods sold, sales costs and general and administrative costs from net income provided in "2. Consolidated Statement of Income." Items classified as operating income (loss) under the US GAAP, such as business restructuring costs and income (loss) of sale or disposal of property, plant and equipment are presented as non-operating income (loss). In the second quarter of FY2008 accounts, those items apply to costs incurred from the withdrawal from the broadcasting business of MBCO.

Geographic segment

Second quarter of FY2008 (July 1, 2008 to September 30, 2008)

(Millions of yen)

	Japan	Asia	North America	Europe	Others	Total	Eliminations or corporate	Consolidated
Net sales								
(1) Unaffiliated customers	953,975	349,158	284,868	256,089	33,021	1,877,111	—	1,877,111
(2) Intersegment	555,030	165,243	7,317	4,134	2,935	734,659	△734,659	—
Total	1,509,005	514,401	292,185	260,223	35,956	2,611,770	△734,659	1,877,111
Operating income	△19,766	12,361	4,381	△973	2,737	△1,260	1,967	707

First six months of FY2008 (April 1, 2008 to September 30, 2008)

(Millions of yen)

	Japan	Asia	North America	Europe	Others	Total	Eliminations or corporate	Consolidated
Net sales								
(1) Unaffiliated customers	1,786,734	623,832	547,761	479,291	58,212	3,495,830	—	3,495,830
(2) Intersegment	1,034,098	297,822	13,159	7,994	5,548	1,358,621	△1,358,621	—
Total	2,820,832	921,654	560,920	487,285	63,760	4,854,451	△1,358,621	3,495,830
Operating income	△50,616	17,319	7,178	△1,622	2,388	△25,353	1,885	△23,468

Notes : 1. Segmentation of countries or regions is based on geographical proximity.

2. Principal countries and regions that belong to segments other than Japan :

- (1) Asia : China, South Korea
- (2) North America : United States, Canada
- (3) Europe : Germany, England
- (4) Others : Australia

Overseas sales

Second quarter of FY2008 (July 1, 2008 to September 30, 2008)

(Millions of yen)

	Asia	North America	Europe	Others	Total
I. Overseas sales	402,620	281,260	268,063	68,445	1,020,388
II. Consolidated sales					1,877,111
III. Ratio of overseas sales to consolidated sales (%)	21	15	14	4	54

First six months of FY2008 (April 1, 2008 to September 30, 2008)

(Millions of yen)

	Asia	North America	Europe	Others	Total
I. Overseas sales	725,079	539,640	502,438	122,151	1,889,308
II. Consolidated sales					3,495,830
III. Ratio of overseas sales to consolidated sales (%)	21	15	14	4	54

Notes : 1. Segmentation of countries or regions is based on geographical proximity.

2. Principal countries and regions that belong to segments :

- (1) Asia : China, South Korea
- (2) North America : United States, Canada
- (3) Europe : Germany, England
- (4) Others : Australia

2. Others

At a meeting held on October 29, 2008, the Board of Directors resolved that dividends of surplus (interim dividends) are to be distributed as follows to the shareholders or pledgees entered or recorded in the last shareholders registry or beneficial shareholders registry as of September 30, 2008.

(1) Total dividends	¥16,178,561,655
(2) Dividend per share	¥ 5
(3) Claim of payment effective date and payment starting date	December 1, 2008

Interim management report

Interim management report

Important events

On 22 July, 2008, Toshiba Corporation (“the Company”) and Nomura Real Estate Holdings, Inc. (“Nomura Real Estate HD”) have reached a basic agreement on establishing an alliance in the real estate business, under which Nomura Real Estate HD will take a majority stake in Toshiba Building Co., Ltd. (“Toshiba Building”), currently a consolidated subsidiary of the Company. The stock of Toshiba Building will be transferred from the Company to Nomura Real Estate HD with 79.8 billion yen on 25 December 2008. On completion of the transfer, Toshiba Building will become a consolidated subsidiary of Nomura Real Estate HD and an affiliated company accounted for by equity method of the Company.

The definitive agreement of this transaction was executed in 2nd half of FY 2008 and therefore it has no impact on the condensed set of financial statements of 1st half of FY2008.

On 29 July, 2008, Mobile Broadcasting Corporation, a consolidated subsidiary of the Company, has decided to cease satellite digital multimedia broadcasting. Mobile Broadcasting Corporation expects to cease all services by the end of March 2009, and will then wind up its operations.

Cessation of the business is expected to cause the Company to incur an expense of approximately 25 billion yen.

Non-operating expense related to cessation of the business during 1st half of FY2008 is 16.8 billion yen.

Related parties transaction

There is no related parties transaction that have taken place during 1st half of FY2008 that have materially affected the financial position or the performance of the Company during the period.

A summary of transactions and balances with affiliates accounted for by equity method, such as Flash Partners Ltd., and Flash Alliance Ltd., is presented below:

	Million yen
	1st half of FY2008
Sales	112,669
Purchases	88,980

Dividends	4,001
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(Note) Conditions of sales and purchases are determined considering market price and same condition of arms-length transaction.

Risk factors relating to the Toshiba Group (“the Group”) and its Business

The Group’s business areas of energy and electronics require highly advanced technology. At the same time, the Group faces fierce global competition. Therefore, appropriate risk management is indispensable. Major risk factors related to the Group are described below. The actual occurrence of any of those risk factors may adversely affect the Group’s results and financial condition.

Risks identified by the Group are based on information available to the Group at the time of this announcement. They also include issues that may not affect investment decisions, but which are mentioned in line with the Group’s policy of proactive disclosure. The Group recognizes these risks and makes every effort to manage them and to minimize any impact from them.

(1)Business environment of Digital Products business

The market for the Digital Product segment is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. In addition, demand for products in this segment can be volatile. In times of decreased consumer spending, demand for the Group’s products can be low, while times of rapid increases in demand may result in shortages of parts and components, hampering the Group’s ability to supply products to the market in a timely manner. While the segment makes every effort to monitor the demand situation, any rapid fluctuation in demand may result in price erosion or increases in component prices.

Furthermore, some products in this segment are dependent on particular customers.

(2)Business environment of Electronic Devices business

The market for the Electronic Devices segment is highly cyclical in demand. In addition, there is intense competition to develop and market new products. The Group makes every effort to monitor shifts in the market, but if the market faces a downturn, if the Group fails to market new products in a timely manner, or if there is a rapid introduction of new technology, the Group’s current products may become obsolete.

This business segment requires significant levels of capital expenditure. While efforts are made to invest in stages by carefully monitoring demand, unanticipated market change may result in production capacity for particular products becoming available at a

time when demand for those products is on the wane, causing oversupply.

In addition, the Electronic Devices business segment is prone to large fluctuation in operating income, and if the market conditions worsen significantly, the Segment's performance may have a large influence on the overall company's profit and loss.

(3) Business environment of Social Infrastructure business

A significant portion of net sales in the Social Infrastructure segment is attributable to government and local municipality expenditure on public works, and to capital expenditure by the private sector. The segment monitors trends in such capital expenditures, and also makes best efforts to cultivate new business and customers, in order to avoid undue impact from any fluctuations. However, reductions and delays in public works spending, as well as low levels of private capital expenditure, can adversely affect the segment business.

Furthermore, the segment's business involves supply of products and services for large-scale projects on a worldwide basis. Delays, changes in plans, stoppages, natural and other disasters, and other factors, may adversely affect the progress of such large-scale plant projects. The percentage of completion method is applied for revenue recognition for long term construction work contracts. The Group reassesses expected costs and profits accordingly, and if the expected profits from such a project do not meet original expectations, a loss will be recognized against prior accrued profits.

(4) Acquisitions and others

As a result of the acquisition of Westinghouse group on October 2006, a substantial amount of goodwill has been recorded in the Company's consolidated balance sheet, pursuant to U.S. generally accepted accounting principles (US GAAP). The Company believes that this goodwill is appropriate, reflecting Westinghouse's future capabilities for profit generation and the synergy that is being obtained from combining Westinghouse and the Group. It is an important managerial task for the Group to maintain the value of this goodwill.

In August 2007, the Group entered into a share transfer agreement with National Atomic Company Kazatomprom JSC (hereafter "Kazatomprom"), a Republic of Kazakhstan state-owned enterprise and a major supplier of uranium, under which the Group transferred 10 percent of its ownership interest in Westinghouse's holding companies to Kazatomprom. As a result of this transfer, the Company's ownership interest in Westinghouse was reduced to 67%. The remainder of the stock is held by the Shaw Group Inc. (hereafter "Shaw"), which holds 20%, and IHI Corporation (hereafter "IHI"),

which holds 3 percent.

Under the relevant shareholders agreements, Shaw, IHI and Kazatomprom are restricted from transferring their ownership interests in Westinghouse for approximately six years from the date of the initial shareholders agreements. To protect the Company from capital participations by unfavorable third parties and to protect minority shareholders' interests, the Company also provided each of Shaw, IHI and Kazatomprom with an option to sell all or part of its ownership interest to the Company during a certain period, while the Company has an option to purchase all or part of the ownership interest of Shaw, IHI or Kazatomprom, under certain conditions. In the event that Shaw, IHI or Kazatomprom exercise the sell option, or the Company exercises its purchase option, the Group may need to raise further funds.

(5)Lawsuits and others

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. There will be also possibility of such a case in future. Due to the differences in judicial systems and the uncertainties inherent of such proceedings, the Group may be subject to a ruling requiring payments of amounts far exceeding its expectations. Any judgement or decision unfavorable to the Group could have a materially adverse effect on the Group's financial condition or results of operations. In addition, the pursuit of or defense of such lawsuits, legal proceedings and investigations may require significant resources and significant involvement of the Group's senior management, which may divert management attention from normal operations.

In January 2007, the European Commission (the "Commission") imposed fines on 19 companies, including the Company, for infringing EU competition laws in the gas insulated switchgear market. The Company was directly fined EUR86.25 million, and was also fined EUR4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company contends that it did not infringe EU competition laws and appealed these fines in April 2007. However, there can be no assurances that the Company will be successful in its appeal.

The Group is also being investigated by the Commission and/or the US Department of Justice for potential violations of competition laws with respect to semiconductors, LCD products, cathode ray tubes (CRT) and heavy electrical equipments. In addition, individuals and corporations in the United States have filed class action lawsuits against the Group with respect to alleged anti-competitive behavior.

(6)Development of new products

It is critically important for the Group to offer the market viable and innovative new products and services. The Group identifies strategic products that will drive future profits, and defines strategic product areas to support through the timely introduction of successive products. However due to the rapid pace of technological innovation, the introduction of new technologies and products that replace current products, and changes in technology standards, the introduction to market of optimum new products may be delayed, and new products that are brought to market may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to assure sufficient funding and resources for continuous product development may affect the Group's ability to develop new products and services and to introduce them to the market.

(7)Investments in new business

The Group invests in companies involved in new businesses as well as developing its own new businesses. Many technological issues need to be resolved, and potential demand effectively discovered and captured, before a new line of business can become successful, and as such the progress and success of new businesses are uncertain. If any new business in which the Group invests or which the Group attempts to develop does not progress as planned, the Group may not recover the funds and resources it has spent, and this may adversely affect the Group.

(8)Success of joint ventures and other business alliances

A key strategy of the Group in many of its businesses is the formation of joint ventures and business alliances optimized for each business, in every area of the business, including research and development, production and marketing. If the Group experiences differences with a partner in a joint venture or business alliance, in respect of financing, technological management, product development or management strategies, such joint ventures or business alliances may be terminated.

(9)Global environment

The Group undertakes global business operations. Any changes in political, economic and social conditions, legal or regulatory changes and exchange rate fluctuations, in any region, may impact on market demand and the Group's business operations.

As the Group expands overseas production, particularly in Asia, any occurrence of terrorism or of epidemic illness, such as avian flu, could have a significant adverse

effect on Group results.

(10) Natural disasters

Most of the Group's Japanese production facilities are located in the Keihin region, part of the capital region, while key semiconductor production facilities are located in Kyushu, Tokai, Hanshin and Tohoku. The Group expands overseas production, particularly in Asia. While the Group promotes measures such as earthquake-resistant buildings at production facilities, large-scale disasters, such as earthquakes or typhoons in regions with production sites, may damage or destroy production capabilities, cause operational and transportation interruptions, and affect production capabilities significantly.

(11) Measures against counterfeit products

While the Group protects and seeks to enhance the value of the Company brand, lesser-quality counterfeit products created by third parties can be found worldwide, which may dilute the value of the Company brand. Distribution of those counterfeit products may decrease the Group's net sales.

(12) Product quality claims

While the Group has instituted measures to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that all products are free of defects, or that such defects will not result in a large-scale recall, lawsuits or other claims relating to product quality.

(13) Information securities

The Group keeps and manages various personal information obtained through business operations. The Group also keeps various trade secrets regarding the Group's technology, marketing and other business operations. While the Group makes every effort to manage this information properly, an unanticipated leak of such information could occur, and it may be obtained and used illegally by a third party. In such circumstances, the Group's business performance and financial situation may be subject to negative influences.

Additionally, the role of information systems in the Group is critical to carrying out business activities. While the Group makes every effort to assure stable operation of its information systems, it is possible that their functionality could be impaired or destroyed by computer viruses, software or hardware failures, disaster, terrorism, and

other factors.

(14) Procurement of components and materials

It is important for the Group's business activities to procure materials, components and other goods in a timely and proper manner. Procured goods include products whose suppliers are limited due to the product's particularity, and products that are difficult to replace. In cases of delay or other problems in receiving supply of such components and materials, shortages may occur or procurement costs may rise. Also, it is necessary to procure components and materials at competitive costs and to optimize the entire supply chain, including suppliers, in order for the Group to bring competitive products to market. Any failure by the Group to achieve proper cooperation with key suppliers may impact on the Group's competitiveness.

Any case of defective components and materials or failure to meet required specifications may also have an adverse effect on the reliability and reputation of the Group and the Company brand products.

(15) Securing human resources

The success of the Group's businesses depends in large part on securing excellent human resources in every business area and process, including product development, production, marketing and business management. Competition to secure human resources is intensifying, as the number of qualified personnel in each area and process is limited. Due to this, the Group may fail to retain existing employees or to obtain new human resources.

(16) Compliance and internal control

The Group is active in various businesses in various regions worldwide, and its business activities are subject to laws and regulations in each country or region. The Group puts in place appropriate internal control systems from perspectives that include assuring management effectiveness and efficiency, assuring the reliability of business and financial reports, compliance with laws and regulations, and risk management, and operates within those systems. However, by their nature, such internal control systems may themselves have limitations, and it is not possible to guarantee that they will fully achieve their objectives. Due to these inherent limitations, the Group cannot guarantee that there will never be any violation of laws and regulations. Changes in laws and regulations or changes in interpretations of laws and regulations by the authorities may also cause difficulty in achieving compliance with laws and regulations, or may result in

increased compliance costs.

(17) Strategic concentrated investment

The Group makes strategic investments that concentrate on specific business areas, including NAND flash memory and nuclear power generation systems. While it is essential to allocate limited management resources to strategic, high growth areas and businesses in which the Group enjoys competitiveness, in order to secure and maintain the Group's advantages, the strategic businesses in which such investments are made may not generate profit commensurate with the investments.

(18) Protection of intellectual property rights

The Group makes every effort to secure intellectual property rights. However, in some regions, it may not be possible to secure sufficient protection.

Also, the Group uses intellectual property from third parties, which the Group has acquired license to use. It may be possible that the Group fails to receive such third-party license for an essential intellectual property, or receives permission only on unfavorable terms.

It is also possible that the Group may have to file suit in order to protect its intellectual property rights, or that a suit for breach of intellectual property rights may be brought against the Group. Such lawsuits may require time, costs and other management resources, and, depending on the decision handed down, it may become impossible for the Group to use an important technology, or the Group may become liable for significant damages.

(19) Environment

In the Group's global business activities, various environmental laws, including laws on air pollution, water pollution, toxic substances, waste disposal, product recycling, prevention of global warming and energy policies, are in force around the world. While the Group pays careful attention to those laws and regulations, it may be possible that the Group discovers a legal or social liability for the environment, regardless of whether it is at fault or not, in past, present or future business activities. It may also be possible that, in future, the Group will be more strongly required to remove environmental hazards, including toxic substances, or to further reduce emissions of greenhouse gases, as a result of the introduction of more demanding environmental regulations or in accordance with societal requirements.

(20) Parent company's guarantee

When the Group's US subsidiaries, such as Westinghouse Electric Company, LLC or Toshiba International Corporation, accept orders for large projects, the Company, as the parent company, may provide guarantees regarding contracts, etc. Upon the request of the customers, these parent company's guarantees are required in accordance with ordinary business practice and are provided under the ordinary course of business to fulfill ordinary contractual obligations. However, should the relevant subsidiaries fail to fulfill contractual obligations, the Company may be obliged to bear any resulting compensation, resulting in a loss.

(21) Employee retirement benefit costs and obligations

The amount of the Group's employee retirement benefit costs and obligations are calculated on assumptions used in the relevant actuarial calculations. Those assumptions may change due to adverse economic or other factors, or planned returns on assets may be lower than anticipated.

(22) Financing environment

The Group has substantial amounts of interest-bearing debt for financing that is highly susceptible to the market environment, including interest rate movements and fund supply and demand. Changes in these factors may have an adverse effect on the Group's funding activities.

Responsibility Statements

I confirm that to the best of my knowledge

- These consolidated interim financial statements (quarterly consolidated financial statements) conform to U.S. generally accepted accounting principles (including Accounting Research Bulletins, Accounting Principles Board Opinions, and the Statements of Financial Accounting Standards of the Financial Accounting Standards Board) and accounting practices in the United States. However, segment information is prepared in conformity to Article 15 of the “Regulations Concerning Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (promulgated in 2007, Japanese Cabinet Office Ordinance No. 64) instead of the Statement of Financial Accounting Standard (“SFAS”) No. 131. These consolidated interim financial statements do not include some information and notes required by the accounting standards generally accepted in the United States concerning quarterly consolidated financial statements such as SFAS No.157, Fair Value Measurements. Toshiba Corporation records all adjustments (including ordinary deferred and accrued accounts) necessary for the proper presentation of these consolidated interim financial statements.

- the interim management report includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

- Toshiba Corporation is responsible for all information in this half-yearly report.



Atsutoshi Nishida

President and Chief Executive Officer

Toshiba Corporation

December 24, 2008