

FOR IMMEDIATE RELEASE

January 29, 2009

**Toshiba Announces Consolidated Results**  
**for the First Nine Months and the Third Quarter**  
**of Fiscal Year Ending March 2009**

TOKYO--Toshiba Corporation today announced its consolidated results for the first nine months (April-December) and the third quarter (October-December) of fiscal year (FY) 2008 ending March 31, 2009.

**1. Overview of Consolidated Results**

All comparisons for the first nine months and the third quarter of FY2008 are with the same periods a year earlier, unless otherwise stated.

**(1) Overview of Consolidated Results for the First Nine Months (April-December) of FY2008**

		(billion yen)
	First 9 months of FY2008	Change from First 9 months of FY2007
Net sales	4,984.1	-584.3
Operating income (loss)	-182.3	-306.9
Income (loss) before income taxes and minority interest	-206.0	-432.3
Net income (loss)	-159.6	-285.8

The September 2008 bankruptcy of a major US financial institution revealed that the subprime loan crisis had become a full-blown financial crisis that significantly impacted on the real economy at the global level in the third quarter. Recession in the US extended to Europe, which had been relatively healthy, and the economies of China and other parts of Asia, which had enjoyed continuing expansion, also started to slow down.

The Japanese economy, impacted by the global economic deterioration, went into recession, and is in an extremely severe condition of declines in corporate profits, rapidly worsening employment and a loss of consumer confidence.

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.



Projections indicate that the global economy will remain in poor condition for some time yet, and that recession will continue. There are growing concerns for a deepening worldwide financial crisis, further worsening of conditions in the real economy, and continued large scale fluctuations in stock prices and currency exchange markets.

In these circumstances, Toshiba's overall consolidated sales in the first nine months of fiscal 2008 were 4,984.1 billion yen (US\$54,770.6 million), a decrease of 584.3 billion yen against the same period a year ago. This result was strongly influenced by the overall market shrinkage resulting from the global economic downturn and by steeper than expected declines in semiconductor prices.

Consolidated operating income (loss) worsened by 306.9 billion yen to -182.3 billion yen (-US\$2,003.2 million), as Electronic Devices, saw a significant deterioration, particularly in the Semiconductor business. Social Infrastructure saw positive operating income, though lower than expected, and Digital Products saw notably lower operating income. Income (loss) before income taxes and minority interest worsened by 432.3 billion yen to -206.0 billion yen (-US\$2,264.1 million). This difference resulted from a decrease in non-operating profit, which in the year-earlier period had reflected the gain from the sale of the Ginza Toshiba Building, including a loss from a write-down of securities. Net income (loss) worsened by 285.8 billion yen to -159.6 billion yen (-US\$1,753.8 million).

### **Consolidated Results for the First Nine Months of FY2008 by Segment**

(billion yen)

	Net Sales			Operating Income (Loss)	
		Change*			Change*
Digital Products	1,954.0	-274.6	-12%	1.4	-5.2
Electronic Devices	1,080.9	-243.0	-18%	-197.8	-266.7
Social Infrastructure	1,587.3	-10.5	-1%	35.3	+0.8
Home Appliances	524.2	-51.8	-9%	-15.4	-17.4
Others	259.4	-28.2	-10%	-5.7	-18.6
Eliminations	-421.7	-	-	-0.1	-
Total	4,984.1	-584.3	-10%	-182.3	-306.9

(\* Change from the year-earlier period)

**Digital Products:** Significantly Lower Sales and Significantly Lower Operating Income  
Digital Products saw overall sales decline significantly. The Mobile Phone business saw notably lower sales and fewer shipments, the result of the changed handset sales system in Japan. The PC business saw lower sales on price erosion, an emerging trend toward compact, low-end products, and depreciation of the euro. Other businesses also saw lower

sales as a result of the recession.

Overall segment operating income saw significantly lower profit. While there was a positive impact of withdrawal from the HD DVD business, the PC business and other businesses saw decreased profit on lower sales.

**Electronic Devices:** Significantly Lower Sales and Significant Deterioration in Operating Income (Loss).

Electronic Devices saw significantly lower sales. The Semiconductor business, primarily in memories and system LSIs, experienced a substantial sales slump, the result of steeper than expected declines in NAND flash memory prices, yen appreciation, and weakened demand due to the recession. The LCD business also saw sales decline.

Segment operating income (loss) saw a significant deterioration, as the Semiconductor business fell substantially into the red, and the LCD business also significantly worsened in the third quarter.

**Social Infrastructure:** Lower Sales and Flat Operating Income

Social Infrastructure saw lower sales. While the Power Systems & Industrial Systems business increased sales, the Social Infrastructure Systems business and the Medical Systems business saw sales decline.

Segment operating income was flat. While results in the Social Infrastructure Systems business were lower, the Power Systems & Industrial Systems business generated higher income. The Medical Systems business also maintained high profitability.

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

Home Appliances saw sales decrease, as slumping personal consumption dragged down sales in the White Goods business, and decreased housing starts in Japan impacted on the Lighting business.

Segment operating income (loss) saw a significant deterioration, as the slump in the market decreased profit in the White Goods business, the Lightning business and the Air-conditioning business.

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

**(2) Overview of Consolidated Results for the Third Quarter (October-December)  
of FY2008**

	(billion yen)	
	3Q of FY2008	Change from 3Q of FY2007
Net sales	1,488.3	-390.2
Operating income (loss)	-158.8	-200.9
Income (loss) before income taxes and minority interest	-142.5	-292.0
Net income (loss)	-121.1	-201.6

Toshiba's consolidated sales for the third quarter of FY2008 decreased by 390.2 billion yen to 1,488.3 billion yen (US\$16,354.9 million).

Consolidated operating income (loss) worsened by 200.9 billion yen to -158.8 billion yen (-US\$1,745.4 million), as the recession, influenced by the accelerating global financial crisis since September 2008, took Electronic Devices heavily into the red and caused significant declines in Digital Products and Home Appliances, even though Social Infrastructure remained in the black.

Income (loss) before income taxes and minority interest worsened by 292.0 billion yen to -142.5 billion yen (-US\$1,566.3 million), the result of a decrease in non-operating profit, which in the year-earlier period had reflected the gain from the sale of the Ginza Toshiba Building, including a loss from a write-down of securities.

Net income (loss) also worsened by 201.6 billion yen to -121.1 billion yen (-US\$1,331.2 million).

**Consolidated Results for the Third Quarter of FY2008 by Industry Segment**

	(billion yen)				
	Net sales			Operating income (loss)	
		Change <sup>*</sup>			Change <sup>*</sup>
Digital Products	577.3	-212.1	-27%	-27.3	-33.6
Electronic Devices	303.2	-137.4	-31%	-134.3	-149.2
Social Infrastructure	497.1	-14.2	-3%	11.5	-3.0
Home Appliances	158.8	-33.4	-17%	-8.3	-11.5
Others	81.0	-8.6	-10%	-0.1	-3.4
Eliminations	-129.1	-	-	-0.3	-
Total	1,488.3	-390.2	-21%	-158.8	-200.9

(\* Change from the year-earlier period)

**Digital Products:** Significantly Lower Sales and Significant Deterioration  
in Operating Income (Loss)

Digital Products saw a substantial decline in overall sales. The Mobile Phone business saw significantly lower sales and fewer shipments, the result of a changed handset sales system in Japan. The PC business saw lower sales on price erosion, a trend to low-end products and depreciation of the euro. Other businesses also saw significantly lower sales as a result of the recession.

Segment operating income (loss) significantly worsened on lower sales.

**Electronic Devices:** Significantly Lower Sales and Significant Deterioration  
in Operating Income (Loss)

Electronic Devices saw significantly lower sales. The Semiconductor business, primarily in memories and system LSIs, experienced a substantial sales slump, the result of steeper than expected declines in NAND flash memory prices, yen appreciation, and weakened demand due to the recession. The LCD business also saw sales decrease.

Segment operating income (loss) significantly worsened, as the Semiconductor business fell substantially into the red on lower sales and the LCD business also saw a much worse result.

**Social Infrastructure:** Lower Sales and Lower Operating Income

Social Infrastructure saw lower sales on weaker sales in the Power Systems & Industrial Systems business and the Social Infrastructure Systems business.

Segment operating income decreased, resulting in lower profit in the Power Systems & Industrial Systems business and the Social Infrastructure Systems business.

**Home Appliances:** Significantly Lower Sales and Significant Deterioration  
in Operating Income (Loss)

Home Appliances saw a significant sales decrease, as slumping personal consumption dragged down sales in the White Goods business and decreased housing starts in Japan impacted on the Lighting business.

Segment operating income (loss) saw significant deterioration, as market deterioration decreased profit in the White Goods business, the Lightning business and the Air-conditioning business.

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

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, such as restructuring charges covering reorganization costs and gains (losses) on the sale or disposal of fixed assets, may be presented as non-operating income (loss).

## **2. Financial Position and Cash Flows for the First Nine Months of FY2008**

Total assets decreased by 306.5 billion yen from the end of March 2008 to 5,629.1 billion yen (US\$61,858.3 million).

Shareholders' equity was 669.8 billion yen (US\$7,360.8 million), a decline of 352.5 billion yen from the end of March 2008, reflecting worsening other comprehensive income (loss) of 157.3 billion yen, due to factors including yen appreciation, as well as a net loss of 159.6 billion yen.

Total debt increased by 528.1 billion yen from the end of March 2008 to 1,789.1 billion yen (US\$19,660.0 million).

As a result of the foregoing, the debt-to-equity ratio was 267%, a 144-point worsening from the end of March 2008.

Free cash flow for the nine months (April-December) was -394.5 billion yen, 259.7 billion yen worse than for the same period of the previous year. The worsened net income (loss) was the primary cause of lower cash flows from operating activities. Cash flows from investing activities also worsened against the same period of the previous year, which saw a gain from the sale of the Ginza Toshiba Building.

## **3. Performance Projections for FY2008**

The global economy entered into recession, triggered by the financial crisis that resulted from the subprime mortgage crisis in the US. The recession caused rapid price erosion and demand declines in semiconductors and LCDs. In these circumstances, the deficit in Electronic Devices including the Semiconductor business and the LCD business is expected to largely surpass the revised forecasts announced on September 19, 2008. Digital Products is also expected to record worse results that do not match September's revised forecasts, due to the rapid decline in market demand. While Social Infrastructure is expected to remain steady, overall sales and operating income (loss) is projected to fall far short of the revised forecasts announced in September, reflecting the widening loss in

Electronic Devices.

In light of these circumstances, Toshiba Corporation has revised its business forecasts for FY2008, ending March 31, 2009 as below. These revised forecasts replace the forecasts announced on September 19, 2008.

**(1) Consolidated forecast**

FY2008 (April 1, 2008 - March 31, 2009) (billion yen)

	(A) Revised Forecast (Jan. 29, 2009)	(B) Previous Forecast (Sep. 19, 2008)	(A) – (B)	(A)/(B)	FY2007
Net sales	6,700.0	7,700.0	-1,000.0	87.0%	7,668.1
Operating income (loss)	-280.0	150.0	-430.0	-	238.1
Income (loss) before income taxes and minority interest	-330.0	170.0	-500.0	-	255.6
Net income (loss)	-280.0	70.0	-350.0	-	127.4

FY2008 (April 1, 2008 – March 31, 2009) by Industry Segment (billion yen)

	Net Sales		Operating Income (loss)	
	Revised Forecast (Jan. 29, 2009)	Previous Forecast (Sep. 19, 2008)	Revised Forecast (Jan. 29, 2009)	Previous Forecast (Sep. 19, 2008)
Digital Products	2,480.0	2,960.0	-20.0	70.0
Electronic Devices	1,310.0	1,660.0	-340.0	-65.0
Social Infrastructure	2,400.0	2,550.0	120.0	150.0
Home Appliances	680.0	770.0	-30.0	0.0
Others	340.0	350.0	-10.0	-5.0

**(2) Non-consolidated forecast**

FY2008 (April 1, 2008 - March 31, 2009) (billion yen)

	(A) Revised Forecast (Jan. 29, 2009)	(B) Previous Forecast (Sep. 19, 2008)	(A) – (B)	(A)/(B)	FY2007
Net sales	3,250.0	3,830.0	-580.0	84.9%	3,685.6
Recurring profit (loss)	-120.0	35.0	-155.0	-	77.4
Net income (loss)	-100.0	55.0	-155.0	-	69.2

#### **4. 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, and particular accounting procedures in preparation of quarterly consolidated financial statements: Yes

##### Income taxes

Interim income tax expense (benefit) is computed by multiplying income (loss) before income taxes and minority interest for the nine months ending December 31, 2008 by a reasonably estimated annual effective tax rate for FY 2008, ending March 31, 2009. The estimated annual effective tax rate reflects a projected annual income (loss) before income taxes and minority interest and the effect of deferred taxes.

- (3) Change of accounting rules, procedures and indication policies in preparation of quarterly consolidated financial statements: None

#### **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 results are valued at 91 yen to the dollar.

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