

May 8, 2009

Atsutoshi Nishida  
President & CEO  
Toshiba Corporation  
1-1, Shibaura 1-chome, Minato-ku, Tokyo, Japan  
Contact: Naoto Hasegawa, General Manager  
Corporate Communications Office  
Tel: 81-3-3457-2096

**Notice of Funding by Issuance of New Shares and Secondary Offering of Shares and Issuance of Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely For Qualified Institutional Investors**  
**(Tekikaku Kikan Toshika Gentei)**

TOKYO — At a meeting of the Board of Directors of Toshiba Corporation (TOKYO: 6502) held on May 8, 2009, Toshiba resolved to conduct funding by an issuance of new shares and a secondary offering of shares and an issuance of unsecured, interest deferrable and early redeemable subordinated bonds solely for qualified institutional investors (*tekikaku kikan toshika gentei*) (the “Bonds”), as set forth below:

I. Purpose of this Funding

In FY 2008, the business environment around Toshiba Group rapidly and significantly deteriorated as the real economy was substantially affected by the global financial crisis triggered by the bankruptcy of US financial institutions in September 2008. Consequently, Toshiba Group’s results for FY 2008 have become very severe, and Toshiba Group’s financial position also substantially deteriorated. There is still a large risk of downturn of the global economy and the future business environment is unclear.

In such situation, for the purpose of implementing a set of strategic policies aimed at generating profit even without growth of sales and building a strong business foundation that can quickly seize business opportunities when the market recovers, Toshiba is implementing the “Action Programs to Improve Profitability,” which were established on January 29, 2009, with three major pillars: “Accelerating Strategic Allocation of Resources to Growth Businesses,” “Reforming Structures of Businesses Most Affected by the Downturn” and “Executing Toshiba Group-wide Actions to Strengthen Business Structures.”

By implementing the capital increase by public offering, Toshiba will procure the funds for capital expenditures mainly in the strategic investment areas designated in the “Action Programs to Improve Profitability” including growing businesses such as nuclear power and other businesses in the Social Infrastructure segment, and NAND flash memory business, and new businesses, and will improve its financial position.

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In addition, Toshiba will further strengthen its financial ground by reinforcing its capital for the purpose of rating through the issuance of the Bonds, which are expected to receive equity credit of 50% from the major rating agencies (Rating and Investment Information, Inc. and Moody's Investors Service Inc.).

Toshiba believes that the capital increase by public offering and the issuance of the Bonds will contribute to the establishment of a management base to realize Toshiba Group's mid- and long-term growth. Toshiba aims at sustainable profit generation and further growth.

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## II. Issuance of New Shares and Secondary Offering of Shares

### 1. Issuance of New Shares by Way of Public Offering (Public Offering)

- (1) Class and Number of Shares to Be Offered 897,000,000 shares of common stock of Toshiba (the “shares”) which is the sum of (i) and (ii) below.
- (i) 870,000,000 new shares to be purchased and underwritten by the Underwriters in the public offering as specified in (4) below.
- (ii) A maximum of 27,000,000 new shares which shall be the subject of the purchase option of the additionally issued shares to be granted to the Underwriters in connection with the sale of shares to international investors as specified in (4) below.
- (2) Method of Determination of the Amount to Be Paid The amount to be paid will be determined on a date which falls on any day in the period from Wednesday, May 27, 2009 to Tuesday, June 2, 2009 (the “Determination Date”) in accordance with the method stated in Article 22 (due to a partial amendment to the Regulations concerning Underwriting of Securities, etc., the article number will become “Article 25” commencing Monday, June 1, 2009; hereinafter the same) of the Regulations concerning Underwriting of Securities, etc. provided by the Japan Securities Dealers Association (the “JSDA”).
- (3) Amount by which Stated Capital and Additional Paid-in Capital is to Be Increased The amount by which stated capital is to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount by which the additional paid-in capital is to be increased shall be the amount obtainable by subtracting the amount by which stated capital is to be increased above from the relevant maximum increased amount of stated capital.
- (4) Method of Offering The offering shall be made by a public offering in which all offered shares will be issued through purchase and underwriting by Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd., Daiwa Securities SMBC Co. Ltd., Merrill Lynch Japan Securities Co., Ltd. and Goldman Sachs Japan Co., Ltd. (collectively, the “Underwriters”). The lead manager shall be Nomura Securities Co., Ltd. and the joint lead managers shall be Mizuho Securities Co., Ltd. and Daiwa Securities SMBC Co. Ltd. The bookrunner shall be Nomura Securities Co., Ltd.
- The issue price (i.e., offering price) with regard to the public offering shall be determined on the Determination Date based on the preliminary pricing terms

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calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange, Inc. on the Determination Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down) in accordance with the method stated in Article 22 of the Regulations concerning Underwriting of Securities, etc. provided by the JSDA, taking into account market demand and other conditions.

A portion of the shares may be sold to international investors in the international market mainly in Europe (excluding the United States and Canada), and an option to purchase the additionally issued shares specified in (1) (ii) above shall be granted to the Underwriters in connection with the sale of shares to international investors.

- (5) Consideration for Underwriters Toshiba will not pay any underwriting fees to the Underwriters. In place thereof, the aggregate amount of the difference between (a) the issue price (i.e., offering price) in the public offering and (b) the amount to be paid to Toshiba by the Underwriters shall be the proceeds for the Underwriters.
- (6) Subscription Period The subscription period shall be from the next business day after the Determination Date to the second business day immediately following the Determination Date.
- (7) Payment Date The payment date shall be any day in the period from Wednesday, June 3, 2009 to Tuesday, June 9, 2009, provided, however, that such day be the fifth business day immediately following the Determination Date.
- (8) Subscription Unit 1,000 shares
- (9) The amount to be paid, the amount by which stated capital and additional paid-in capital is to be increased, issue price (i.e., offering price) and any other matters necessary for the issuance of new shares by way of public offering shall be determined at the discretion of the Representative Executive Officer, President and Chief Executive Officer, or Mr. Muraoka, Representative Executive Officer and Corporate Executive Vice President in charge of Finance & Accounting Group of Toshiba, or a person designated by either of them.
- (10) The public offering shall be subject to the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan.

2. Secondary Offering of Shares (Secondary Offering for Over-Allotment) (See 1. of “For Reference” below)

- (1) Class and Number of Shares to Be Sold 103,000,000 shares of common stock of Toshiba.  
The number of shares to be sold above is the maximum number of shares to be sold. The above number may decrease, or the secondary offering for

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over-allotment may be cancelled entirely, depending on market demand for the public offering and other conditions. The number of shares to be sold shall be determined on the Determination Date taking into account market demand for the public offering and other conditions.

- (2) Seller Nomura Securities Co., Ltd.
- (3) Selling Price Undetermined (the selling price will be determined on the Determination Date; provided, however, that such selling price shall be the same as the issue price (i.e., offering price) for the public offering).
- (4) Method of Secondary Offering Taking into account market demand for the public offering and other conditions, Nomura Securities Co., Ltd. will make a secondary offering of shares that it borrows from certain shareholders of Toshiba up to 103,000,000 shares.
- (5) Subscription Period The subscription period shall be the same as the subscription period in respect of the public offering.
- (6) Delivery Date The delivery date shall be the next business day after the payment date in respect of the public offering.
- (7) Subscription Unit 1,000 shares
- (8) The selling price and any other matters necessary for the secondary offering for over-allotment shall be determined at the discretion of the Representative Executive Officer, President and Chief Executive Officer, or Mr. Muraoka, Representative Executive Officer and Corporate Executive Vice President in charge of Finance & Accounting Group of Toshiba, or a person designated by either of them.
- (9) The secondary offering for over-allotment shall be subject to the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan.
- (10) If the public offering is cancelled, the secondary offering for over-allotment shall also be cancelled.

3. Issuance of New Shares by Way of Third-Party Allotment (See 1. of “For Reference” below)

- (1) Class and Number of Shares to Be Offered 103,000,000 shares of common stock of Toshiba.
- (2) Method of Determination of the Amount to Be Paid The amount to be paid will be determined on the Determination Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in respect of the public offering.
- (3) Amount by which Stated Capital and Additional Paid-in Capital is to Be The amount by which stated capital is to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement

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Increased of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount by which the additional paid-in capital is to be increased shall be the amount obtainable by subtracting the amount by which stated capital is to be increased above from the relevant maximum increased amount of stated capital.

- (4) Allottee Nomura Securities Co., Ltd.
- (5) Subscription Period (Subscription Date) Monday, June 22, 2009
- (6) Payment Date Tuesday, June 23, 2009
- (7) Subscription Unit 1,000 shares
- (8) Shares not subscribed for by the subscription period (subscription date) mentioned in (5) above shall not be issued.
- (9) The amount to be paid, the amount by which stated capital and additional paid-in capital is to be increased and any other matters necessary for the issuance of new shares by way of third-party allotment shall be determined at the discretion of the Representative Executive Officer, President and Chief Executive Officer, or Mr. Muraoka, Representative Executive Officer and Corporate Executive Vice President in charge of Finance & Accounting Group of Toshiba, or a person designated by either of them.
- (10) The issuance of new shares by way of third-party allotment shall be subject to the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan.
- (11) If the public offering is cancelled, the issuance of new shares by way of third-party allotment shall also be cancelled.

#### 4. Use of Proceeds to Be Raised

It is planned that a maximum amount of 313.1 billion yen of the approximate net amount of the public offering proceeds and the capital increase by way of third-party allotment (the expected approximate net amount calculated based on the closing price of the shares of common stock of Toshiba on the Tokyo Stock Exchange as of May 1, 2009) will be applied to the funds for capital expenditures.

The capital expenditure plan of Toshiba Group is as follows as of March 31, 2009.

At the end of the previous fiscal year (March 31, 2009), investment in new facilities and equipment upgrades, including intangible assets, in FY 2009 and FY 2010 are projected to total 250.0 billion yen and 450.0 billion yen, respectively (based on the value of orders placed; hereinafter the same). This figure includes 32.8 billion yen (FY 2009) and 117.0 billion yen (FY 2010), which is the Toshiba's portion of the investment made by Flash Alliance, Ltd. and others, which are companies accounted for by the equity method. The funds for capital expenditures will be financed by the equity finance, internal funds and borrowings. The funds raised

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by the equity finance are the proceeds from the public offering (including the sale of shares to international investors) and the capital increase by way of third-party allotment.

(As of March 31, 2009)

Business Segment	Planned Capital Investments for FY 2009 (billion yen)	Planned Capital Investments for FY 2010 (billion yen)	Major Contents and Purposes
Digital Products	24.0	39.0	Manufacturing facilities for HDDs, etc.
Electronic Devices	98.0	240.0	Manufacturing facilities for NAND flash memories, etc.
Social Infrastructures	102.0	105.0	Expansion of investment for nuclear power business, enhancement of overseas manufacturing bases of thermal power business and manufacturing facilities for new type rechargeable battery, etc.
Home Appliances	11.0	25.0	Manufacturing facilities for new lighting, etc.
Others	15.0	41.0	—
Total	250.0	450.0	—

Note: Consumption taxes are not included in these capital investments.

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The major planned new facilities and equipment upgrades in FY 2009 are as follows:

(As of March 31, 2009)

Name of Company and Office	Place	Business Segment	Type of Facility	Planned Capital Investments (billion yen)	Planned Beginning and Completion of Construction		Capacity Improvement after Completion of Construction
					Beginning	Completion	
Yokkaichi Operations of Toshiba	Yokkaichi, Mie	Electronic Devices	Manufacturing facilities for semiconductors	22.0	April 2009	August 2010	300 mm finer lithography, etc.
Flash Alliance, Ltd., etc.	Yokkaichi, Mie	Electronic Devices	Manufacturing facilities for semiconductors	32.8	April 2009	October 2010	300 mm finer lithography, etc.
Keihin Product Operations of Toshiba	Tsurumi, Yokohama	Social Infrastructures	Manufacturing facilities for devices for nuclear, thermal and hydroelectric power	12.7	July 2009	March 2012	Improvement of manufacturing capacity of devices for nuclear, thermal and hydroelectric power, etc.
Westinghouse Electric Company, etc.	Pennsylvania, United State, etc.	Social Infrastructures	Manufacturing facilities for nuclear power plants and fuel	14.2	April 2009	March 2010	Improvement of manufacturing capacity of nuclear power plants and fuel, etc.
New offices of Toshiba (undetermined)	—	Social Infrastructures	Manufacturing facilities for new type rechargeable battery	10.4	September 2009	September 2010	Manufacturing facilities for new type rechargeable battery, etc.

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### III. Issuance of Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely For Qualified Institutional Investors (*Tekikaku Kikan Toshika Gentei*)

#### 1. Main Characteristics of the Bonds

Unlike straight subordinated bonds, the Bonds are so-called “hybrid subordinated securities” which have intermediate characteristics of equity and debt. The Bonds are classified as debt; however, since the Bonds have a nature and characteristics similar to equity, such as optional deferral of interest payments, an ultra long-term period of redemption (but with an optional early redemption clause), and subordination in the case of insolvency proceedings, it is expected that the Bonds will receive equity credit of 50% from the principal rating agencies for the purpose of rating. Toshiba believes that, through the issuance of the Bonds that will receive certain equity credit as well as raising capital by way of issuance of new shares to fund its capital expenditures as set forth in II above, Toshiba will improve its financial structure. Toshiba also believes that, through the issuance of the Bonds, Toshiba will enhance its financial position by repaying interest-bearing debt as set forth in 3. below, while minimizing, to the extent possible, the dilution of value of common stock. Toshiba plans to issue the Bonds to its main financial or other institutions with which it has business relations.

#### 2. Outline of Issuance

- |                                   |   |
|-----------------------------------|---|
| (1) Issuer                        | Toshiba Corporation   |
| (2) Name                          | Toshiba Corporation The 1st Series Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely For Qualified Institutional Investors ( <i>Tekikaku Kikan Toshika Gentei</i> )   |
| (3) Aggregate Amount of the Bonds | To be determined in the range of 170 billion yen to 180 billion yen<br>The principal amount of each Bond is 100,000,000 yen.  |
| (4) Issue Price                   | 100 yen per 100 yen of the principal amount of each Bond  |
| (5) Date of Payment               | Wednesday, June 10, 2009  |
| (6) Redemption Price              | 100 yen per 100 yen of the principal amount of each Bond; provided, however, that in the case of an early redemption before June 25, 2014 due to a tax treatment or an equity credit change as set forth in (7) below, the higher of the redemption price above and the present value of the Bonds determined in accordance with the terms and conditions of the Bonds.   |
| (7) Redemption Date               | June 25, 2069 (approximately 60 years after the Date of Payment); provided, however, that on each interest payment date on and after June 25, 2014, Toshiba may, at its option, redeem all, but not some only, of the principal of the Bonds. In the case where Toshiba suffers a significant tax disadvantage with respect to the tax treatment of the Bonds, which cannot be avoided by Toshiba’s reasonable endeavors or where one or more rating agents decide to treat the Bonds as having a lower equity credit than the equity credit of the |

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Bonds on the date of the issuance thereof and a public announcement to that effect has been made or a written notice to that effect has been given to Toshiba, Toshiba may, at its option, redeem all, but not some only, of the principal of the Bonds.

(8) Rate of Interest

With respect to any interest payment date falling on and before June 25, 2014, a fixed interest rate to be determined in the range of 7.5% to 8.0 % per annum (a rate of the spread to be determined at the time of pricing plus the Yen Swap Rate corresponding to the period to which such fixed rate is applied (five years and fifteen days) as at the time of pricing of the Bonds)

With respect to any interest payment date falling on and after December 25, 2014, a floating interest rate obtained by adding the said spread plus the step-up interest of 1.00% to the Six-Month Yen LIBOR (“LIBOR”).

(9) Interest Payment Date

December 25, 2009 as the first interest payment date and thereafter semi-annually on June 25 and December 25 of each year (provided, however, that if an interest payment date falls on a bank holiday, the payment date shall be brought forward to the immediately preceding bank business day)

(10) Interest Deferral Clause

(i) Optional suspension of interest payment

Toshiba may, at its option, defer the payment of all or part of the interest on each Bond that would have been payable (such deferral is hereinafter referred to as an “Optional Suspension,” any amount of interest so deferred and not paid due to an Optional Suspension is hereinafter referred to as an “Optional Deferred Payment Amount,” and any interest payment date on which such interest would have become due if the relevant Optional Suspension had not occurred is hereinafter referred to as an “Optional Deferred Interest Payment Date”).

(ii) Making efforts to satisfy the Optional Deferred Payment Amount

Toshiba intends, to the extent commercially practicable as defined in the terms and conditions of the Bonds, to make reasonable endeavors to pay the Optional Deferred Payment Amount in respect of an Optional Deferred Interest Payment Date as well as the interest accrued thereon within a period of 5 years from the relevant Optional Deferred Interest Payment Date.

(iii) Mandatory Payment of the Optional Deferred Payment Amount

Notwithstanding the above, in the case where Toshiba makes payment of dividends from surplus on shares of Toshiba (including common stock of Toshiba) that are substantially subordinated to the Bonds or where Toshiba

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acquires such shares of Toshiba (excluding the case where it is obligated to purchase such shares in accordance with laws or regulations) or where dividends from surplus or interest are paid with respect to (a) preferred stock of Toshiba ranking most senior in respect of dividends from surplus or (b) securities or debts which rank substantially *pari passu* with the Bonds, Toshiba shall make reasonable endeavors, to the extent commercially practicable as defined in the terms and conditions of the Bonds, to pay all Optional Deferred Payment Amount as well as interest accrued in respect thereof on a designated due date.

(iv) Limitation of Payment Resources of the Optional Deferred Payment Amount

In the case where Toshiba pays the Optional Deferred Payment Amount as well as interest accrued in respect thereof, such amount shall be satisfied by applying the net proceeds (which are subject to certain limitation set forth in the terms and conditions of the Bonds) that Toshiba raised during the 6-month period up to the date of the repayment through issuance or otherwise of common stock of Toshiba or any securities or debt which have been approved by the rating agents as having equity credit equivalent to or higher than that of the Bonds, and shall not be satisfied by any sources other than such net proceeds.

(11) Replacement Restrictions

It is Toshiba's intention not to redeem (excluding the redemption on the Maturity Date) nor repurchase the Bonds, except to the extent that Toshiba has raised funds through issuance or otherwise of common stock of Toshiba or any securities or debt which have been approved by the rating agents as having equity credit equal to or higher than that of the Bonds within the period of 6 months preceding (and including) the date of redemption or repurchase of the Bonds.

(12) Subordination Clause

In liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings or civil rehabilitation proceedings of Toshiba or any proceedings that are equivalent thereto in accordance with laws other than Japanese law, the bondholders of the Bonds shall have the claim against Toshiba subordinated to senior debt and only to the extent that the Bonds are treated as substantially *pari passu* with preferred stock of Toshiba ranking most senior in respect to the right to receive dividends from surplus.

(13) Equity Credit to Be given to the Bonds by the Rating Agencies

Class 3: equity credit of 50% (Rating and Investment Information, Inc.)

Basket C: equity credit of 50% (Moody's Investors Service, Inc.)

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(scheduled)

(14) Method of Issuance                      Private placement in Japan solely for qualified institutional investors (*tekikaku kikan toshika gentei*)

3. Use of Proceeds to Be Raised

It is planned that the proceeds to be raised by the issuance of the Bonds shall be applied to repayment of interest-bearing debt.

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[For Reference]

1. Secondary Offering for Over-Allotment and Other Matters

The secondary offering for over-allotment as mentioned in “II. 2. Secondary Offering of Shares (Secondary Offering for Over-Allotment)” above, is a secondary offering to be made in relation to the public offering mentioned in “II. 1. Issuance of New Shares by Way of Public Offering (Public Offering)” for shares of common stock of Toshiba that will be borrowed by Nomura Securities Co., Ltd. (“Nomura Securities”) from certain shareholders of Toshiba up to 103,000,000 shares, taking into account market demand for the public offering and other conditions. The number of shares to be sold in the secondary offering for over-allotment is scheduled to be 103,000,000 shares; however, this is the maximum number of shares to be sold, and such number may decrease, or the secondary offering for over-allotment may be cancelled entirely, depending on market demand and other conditions.

In connection with the secondary offering for over-allotment, the Board of Directors of Toshiba has resolved, at the meeting held on Friday, May 8, 2009, that Toshiba will issue 103,000,000 shares of its common stock to Nomura Securities by way of third-party allotment (the “Capital Increase by Way of Third-Party Allotment”), with the payment date set to be Tuesday, June 23, 2009, in order for Nomura Securities to obtain the number of shares necessary to return the shares of common stock of Toshiba that Nomura Securities borrowed from certain shareholders of Toshiba, as mentioned above (the “Borrowed Shares”).

Nomura Securities may also purchase shares of common stock of Toshiba (the “Syndicate Cover Transactions”) on the Tokyo Stock Exchange, Inc., up to the number of shares to be sold in the secondary offering for over-allotment, for the purpose of returning the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period from (a) the day immediately following the last day of the subscription period for the public offering and the secondary offering for over-allotment to (b) Tuesday, June 16, 2009 (the “Syndicate Cover Transaction Period”). All of the shares of common stock of Toshiba purchased by Nomura Securities through the Syndicate Cover Transactions will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, Nomura Securities may decide, in its discretion, not to conduct any Syndicate Cover Transaction or may, in its discretion, decide to terminate the Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offered in the secondary offering for over-allotment.

Nomura Securities may conduct stabilizing transactions along with the public offering and the secondary offering for over-allotment in accordance with Japanese law and market practice. The shares of common stock of Toshiba purchased through such stabilizing transactions may be used, in part or in whole, to return the Borrowed Shares.

With respect to the number of shares obtained by deducting (a) the number of shares purchased through stabilizing transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares from (b) the number of shares to be sold in the secondary offering for over-allotment, Nomura Securities will accept the allotment under the Capital Increase by Way of Third-Party Allotment and will purchase an equivalent number of shares of common stock of Toshiba. As a result, a part or all of the shares to be issued

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under the Capital Increase by Way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the number of shares to be issued under the Capital Increase by Way of Third-Party Allotment, or in the cancellation of the issuance, due to forfeiture.

Whether or not the secondary offering for over-allotment is to be conducted, as well as the number of shares to be sold in the event the secondary offering for over-allotment is to be conducted, will be determined on the Determination Date. If the secondary offering for over-allotment is cancelled entirely, Nomura Securities will not conduct the borrowing of shares of common stock of Toshiba mentioned above. Accordingly, no new shares will be issued under the Capital Increase by Way of Third-Party Allotment due to forfeiture, since Nomura Securities will not accept the allotment and will not subscribe for shares under the Capital Increase by Way of Third-Party Allotment. Further, no Syndicate Cover Transactions on the Tokyo Stock Exchange, Inc. will be made.

2. Change in the Number of Outstanding Shares as a Result of this Capital Increase by Public Offering and Capital Increase by Way of Third-Party Allotment

Total number of outstanding shares at present:	3,237,602,026 shares	(as of March 31, 2009)
Increase in number of shares as a result of the capital increase by public offering:	897,000,000 shares	(Note 1)
Total number of outstanding shares after the capital increase by public offering:	4,134,602,026 shares	(Note 1)
Increase in number of shares as a result of the capital increase by way of third-party allotment:	103,000,000 shares	(Note 2)
Total number of outstanding shares after the capital increase by way of third-party allotment:	4,237,602,026 shares	(Note 2)

Notes: 1. These figures are based on the assumption that all the options specified in (1) (ii) of “II. 1. Issuance of New Shares by Way of Public Offering (Public Offering)” above are exercised by the Underwriters.

2. These figures are based on the assumption that the shares to be offered in “II. 3. Issuance of New Shares by Way of Third-Party Allotment” above are all subscribed for by Nomura Securities and issued.

3. Use of Proceeds to Be Raised

(1) Use of Proceeds to Be Raised This Time

With respect to the capital increase by public offering and the capital increase by third party allotment, as specified in “II. 4. Use of Proceeds to Be Raised”.

With respect to the Bonds, as specified in “III. 3. Use of Proceeds to Be Raised”.

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(2) Change in the Use of Proceeds Raised Last Time

Not applicable.

(3) Expected Impact on Business Results

Toshiba believes that the capital increase by public offering and the issuance of the Bonds will contribute to the establishment of a management base to realize Toshiba Group's medium- and long-term growth and the improvement of business results.

4. Profit Distribution to Shareholders

(1) Basic Policy concerning Profit Distribution

Toshiba, while giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, seeks to achieve continuous increases in its actual dividend payment, in line with a payout ratio in the area of 30%, on a consolidated basis.

Toshiba paid 5 yen per share as the dividend for the first half of FY 2008 (interim dividend), and refrained from paying the year-end dividend, upon consideration of the current business environment.

While the business environment in FY 2009 is expected to continue to be severe, the payment of dividend will be determined in later stage, upon consideration of various conditions, such as recovery trend of business results for the fiscal year.

(2) Concept of Determination of Dividends

As specified in "(1) Basic Policy concerning Profit Distribution" above.

(3) Use of Retained Earnings

The retained earnings will be applied to the strategic investments necessary to secure medium- to long-term growth and other purposes.

(4) Dividends for Past Three Fiscal Years

	FY 2005	FY 2006	FY 2007	FY 2008
Basic net income (loss) per share (yen)	24.32	42.76	39.46	△106.18
Dividends per share (yen) (interim dividends per share included)	6.5 (3)	11 (4.5)	12 (6)	5 (5)

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Actual payout ratio	26.7%	25.7%	30.4%	—
Return on equity	8.6%	13.0%	12.0%	△46.8%
Ratio of dividends/net assets	2.3%	3.4%	3.6%	2.2%

- Notes: 1. It has been announced in the “Earnings Release for FY2008” dated May 8, 2009 that the annual dividends per share (including dividends already paid) shall be 5 yen with respect to FY 2008.
2. The return on equity is a fraction, the numerator of which is the net income for the fiscal year (consolidated), and the denominator of which is the shareholders’ equity (the average of the net assets at the beginning of the fiscal year and the net assets at the end of the fiscal year).
3. The ratio of dividends/net assets is a fraction, the numerator of which is the total amount of annual dividends, and the denominator of which is the amount of net assets (the average of the net assets at the beginning of the fiscal year and the net assets at the end of the fiscal year).
4. The figures for FY 2008 have not been audited by an audit firm as required by Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

## 5. Other Matters

### (1) Designation of Party to Receive Distribution

Not applicable.

### (2) Information on Dilutive Shares

Toshiba issued the following convertible bonds under the former Commercial Code. Outstanding amount and other matters of such bonds with share option as of March 31, 2009 are as follows:

#### (i) Zero Coupon Convertible Bonds due 2009

Outstanding amount	Issue date	Final redemption date	Issue price (Note)	Amount of stated capital to be increased (Note)
41,420 million yen	July 21, 2004	July 21, 2009	587 yen	294 yen

Note: The issue price and the amount of stated capital to be increased are the issue price and the amount of stated capital to be increased in case of issuance of 1 share upon conversion.

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(ii) Zero Coupon Convertible Bonds due 2011

Outstanding amount	Issue date	Final redemption date	Issue price (Note)	Amount of stated capital to be increased (Note)
95,010 million yen	July 21, 2004	July 21, 2011	542 yen	271 yen

Note: The issue price and the amount of stated capital to be increased are the issue price and the amount of stated capital to be increased in case of issuance of 1 share upon conversion.

The ratio of potentially diluted shares to the outstanding shares after the capital increase by public offering and the capital increase by third-party allotment is expected to be 5.8%.

(3) Equity Finance for Past Three Years

(i) Equity Finance

Not applicable.

(ii) Change in Share Prices for Past Three Fiscal Years and at the Most Recent Time Point

(in yen, other than the price-to-earnings ratio)

	FY 2006	FY 2007	FY 2008	FY 2009
Opening	689	795	667	264
High	842	1,185	953	371
Low	652	649	204	258
Closing	787	666	254	356
Price-to-earnings ratio	18.41	16.88	—	—

- Notes: 1. The share prices for FY 2009 above are the prices up to Thursday, May 7, 2009.
2. Price-to-earnings ratio is a fraction, the numerator of which is the share price (closing price) as of the end of each fiscal year; and the denominator of which is the basic net income per share (consolidated) for the relevant fiscal year. As a basic net loss per share (consolidated) (which has not been audited by an audit firm as required by Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan) was reported in FY 2008, the price-to-earnings ratio is not stated above with respect to FY 2008.

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(4) Lockup period

Toshiba agrees, in relation to the public offering mentioned in “II. 1. Issuance of New Shares by Way of Public Offering (Public Offering)” above, not to issue shares of Toshiba, issue securities that can be converted to or exchanged for shares of Toshiba, or issue any other securities that grant the right to acquire or receive shares of Toshiba (excluding issuance of new shares by way of the public offering, issuance of new shares by way of third-party allotment or stock split, etc.) during the period commencing on the Determination Date and ending on the day that falls 180 days after the delivery date for the public offering (the “Lockup Period”) without prior written consent of Nomura Securities.

In the above case, Nomura Securities has the authority to cancel a part or all of the conditions of that agreement during the Lockup Period at its own discretion.

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