Westinghouse Electric Company
Legal & Contracts
1000 Westinghouse Drive
Cranberry Township, PA
16066
USA

September 14, 2012

Via Next Business Day Delivery

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852-2738
Attention: Document Processing Center

RE: Docket Nos. 70-1151, 70-36, License Nos. SNM-1107, SNM-33 - August 23, 2012 REQUEST FOR ADDITIONAL INFORMATION REGARDING THE ANNUAL CERTIFICATION OF THE WESTINGHOUSE PARENT COMPANY GUARANTEE (TAC NO. L33226)

Dear Mr. Ryder:

Westinghouse provides the following information in response to the Subject Request for Additional Information.

RAI 1: Provide end of fiscal year audited financial statements and auditor's opinion on the financial statements through March 31, 2012.

The licensee's Parent Company Guarantee (PCG) submittal did not include the audited financial statements and auditor's opinion for Toshiba's latest end of fiscal year of March 31, 2012. As NUREG-1757, Volume 3, Appendix A.13.3, outlines a copy of the parent companies audited financial statements for the most recent completed fiscal year to include the independent certified public accountant's opinion is recommended.

This information is needed for the staff to determine if the requirements in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 30, Appendix A, are met.

Response: Enclosed is the Toshiba audited financial statement for the most recent completed fiscal year including the independent certified public accountant's opinion. This financial statement was also informally transmitted by email on August 28, 2012.

RAI 2: Confirm Standby Trust Agreement (STA) Submittal.

The licensee's original PCG submittal for fiscal year 2012, received February 2012, included STA documentation. Due to the absence of the end of fiscal year 2012's audited financial statements, the PCG was resubmitted in June 2012. The resubmittal did not include the STA documentation that was previously submitted. Considering that an STA has already been established, confirm the validity of the STA via a letter or other correspondence.

NMSS01

This information is needed for the staff to determine if the requirements in 10 CFR Part 30, Appendix A, are met.

Response: The STA remains in effect and is valid. Under the terms of the relevant terms of the STA, which are set forth below, it cannot be amended or terminated without the written agreement of the parties, including NRC. The Agreement has not been either amended or terminated.

Section 15 of the Standby Trust Agreement provides:

> Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and NRC, or by the Trustee and NRC if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of NRC.

Section 16 of the Standby Trust Agreement provides:

> Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and NRC, or by the Trustee and NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

If you have any further questions, please contact me.

Very truly yours,

Michele M. Gutman
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Enclosure

cc: Chris Ryder (via pdf)
Ariel Kuperminc (w/out encl)
Gerry Couture (w/out encl)

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TOSHIBA CORPORATION

Annual Report 2012

Five-year Summary

Toshiba Corporation and Subsidiaries
Years ended March 31

	Millions of yen, except per share amounts				
	2012	2011	2010	2009	2008
Net sales	¥ **6,100,262**	¥ 6,398,505	¥ 6,291,208	¥ 6,512,656	¥ 7,404,284
Cost of sales	**4,633,558**	4,897,547	4,852,002	5,242,465	5,548,757
Selling, general and administrative expenses	**1,260,055**	1,260,685	1,313,958	1,503,599	1,615,171
Operating income (loss) (Note 1)	**206,649**	240,273	125,248	(233,408)	240,356
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**152,405**	195,549	34,413	(261,467)	258,056
Income taxes	**64,964**	40,720	33,534	61,562	110,529
Net income (loss) attributable to shareholders of the Company	**73,705**	137,845	(19,743)	(343,559)	127,413
Per share of common stock:					
Earnings (loss) attributable to shareholders of the Company (Note 2)					
–Basic	¥ **17.40**	¥ 32.55	¥ (4.93)	¥ (106.18)	¥ 39.46
–Diluted	**17.17**	31.25	(4.93)	(106.18)	36.59
Cash dividends	**8.00**	5.00	–	5.00	12.00
Total assets	¥ **5,731,246**	¥ 5,379,319	¥ 5,451,173	¥ 5,453,225	¥ 5,935,637
Equity attributable to shareholders of the Company	**867,268**	868,119	797,455	447,346	1,022,265
Capital expenditures (Property, plant and equipment)	**299,096**	231,001	209,380	355,516	464,497
Depreciation (Property, plant and equipment)	**203,252**	215,699	252,523	306,895	339,363
R&D expenditures	**319,863**	319,693	311,751	357,520	370,273
Number of employees	**210,000**	203,000	204,000	199,000	198,000

Notes: 1) Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.

2) Basic earnings (loss) per share attributable to shareholders of the Company (EPS) are computed based on the weighted-average number of shares of common stock outstanding during each period.
Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.

3) The Mobile Broadcasting business and the Mobile Phone business have been classified as discontinued operations in the consolidated accounts in accordance with Accounting Standards Codification No.205-20, *"Presentation of Financial Statements - Discontinued Operations"*. Performance of these businesses is excluded from consolidated net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests.

4) Beginning with the fiscal year ended March 31, 2010, the Company adopted ASC No.810 *"Consolidation"*. Prior-period data for the fiscal years ended from March 31, 2008 through 2009 has been reclassified to conform with the current classification.

2. Management's Discussion and Analysis 19. Consolidated Balance Sheets 21. Consolidated Statements of Income
22. Consolidated Statements of Equity 24. Consolidated Statements of Cash Flows
25. Notes to Consolidated Financial Statements 67. Report of Independent Auditors

SCOPE OF CONSOLIDATION

As of the end of March 2012, Toshiba Group ("the Group") comprised Toshiba Corporation ("the Company") and 554 consolidated subsidiaries and its principal operations were in the Digital Products, Electronic Devices, Social Infrastructure and Home Appliances business domains.

Of the consolidated subsidiaries, 96 were involved in Digital Products, 47 in Electronic Devices, 289 in Social Infrastructure, 54 in Home Appliances and 68 in Others.

The number of consolidated subsidiaries was 56 more than at the end of March 2011. 196 affiliates were accounted for by the equity method as of the end of March 2012.

RESULTS OF OPERATIONS

NET SALES AND INCOME (LOSS)

While the emerging economies, including China and India, continued to expand and the United States saw gradual recovery, the global economy remained in severe circumstances due to financial uncertainties in some European countries, fiscal austerity and concerns about the financial system. Although the global economy is expected to continue to recover gradually, anxieties remain about the rise in crude oil prices and high levels of unemployment in the United States and some European countries, and sovereign risk in some European countries.

The Japanese economy remained in a severe condition due to the impacts of the Great East Japan Earthquake, exposure to sovereign risk in some European countries and the impact of sharp yen appreciation. There are also concerns about crude oil prices and shortages of power generation capacity.

In these conditions, the Group, aiming to become an even stronger, a world-leading diversified electric and electronics company by overcoming demanding business conditions, strongly promoted global business deployment and the transformation of its business structure through strategic investments and acquisitions to build new business foundations, with a close focus on growth businesses, including the integrated Storage Products business, the Smart Community business and the Healthcare business. The Group also steadily advanced structural reforms, resulting in improvement to its cost structure, the reorganization and consolidation of domestic and overseas facilities, expansion of overseas procurement and production, in order to establish a business structure resistant to rapid business fluctuations and exchange rate fluctuations.

The Company's consolidated net sales for FY2011 were 6,100.3 billion yen ($74,393.4 million), a decrease of 298.2 billion yen against the previous year. Although the Social Infrastructure segment saw higher sales, overall sales were lower, mainly due to sales decreases in the Digital Products and Electronic Devices segments, reflecting the impacts of sharp yen appreciation, the Great East Japan Earthquake, the floods in Thailand and market downturns. Consolidated operating income (loss) was 206.6 billion yen ($2,520.1 million), a decrease of 33.7 billion yen. Although the Electronic Devices segment and the Social Infrastructure segment saw increases, the Digital Products segment saw deterioration. Income (Loss) from continuing operations, before income taxes and noncontrolling interests decreased by 43.1 billion yen to 152.4 billion yen ($1,858.6 million). Net income (loss) attributable to shareholders of the Company decreased by 64.1 billion yen to 73.7 billion yen ($898.8 million), mainly reflecting the impact of temporary increase of tax expenses due to a revision of a section of the Corporation Tax Act in Japan.

KEY PERFORMANCE INDICATORS

Following are the key performance indicators ("KPIs") that the Management of the Group uses in managing its business.

Net sales and operating income are basic indicators to measure the business results of the Group. Operating income is regularly reviewed to support decision-making in allocations of resources and to assess performance. Operating income ratio (ratio of operating income to net sales) is also KPIs. To assess financial position of the Group, the Management emphasizes shareholders' equity ratio (ratio of equity attributable to shareholders of the Company to total assets) and debt-to-equity ratio. Investments including capital expenditure and investments & loans for M&A and R&D activity are indispensable for growth of the Group and accordingly total investments and R&D expenditure are KPIs. To measure efficiency of investments and business results, the Management uses ROI (return on investment) and ROE (return on equity), respectively.

Year ended March 31	Billions of yen	
	2012	2011
Net sales	**6,100.3**	6,398.5
Operating income (Note 1)	**206.6**	240.3
Operating income ratio (%)	**3.4**	3.8
Return on equity (ROE) (%) (Note 2)	**8.5**	16.6
Shareholders' equity ratio (%)	**15.1**	16.1
Debt/equity ratio (%)	**142**	125
Total investments (Note 3)	**437.9**	361.0
R&D expenditures	**319.9**	319.7
Return on investment (ROI) (%) (Note 4)	**8.7**	10.4

Notes: 1) Operating income is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.
2) ROE is net income attributable to shareholders of the Company divided by equity attributable to shareholders of the Company.
3) Total investments including capital expenditure and investments and loans for M&A are on an ordering amount basis. The amount of investments for PPE includes the Group's portion in the investments made by Flash Forward, LLC etc., which are companies accounted for by the equity method.
4) ROI is operating income divided by total equity plus total debts.

The Company's consolidated net sales for FY2011 were 6,100.3 billion yen (US$74,393.4 million), a decrease of 298.2 billion yen against the previous year. Although the Social Infrastructure segment saw higher sales, overall sales were lower, mainly due to sales decreases in the Digital Products and Electronic Devices segments, reflecting the impacts of sharp yen appreciation, the Great East Japan Earthquake, the floods in Thailand and market downturns. Consolidated operating income (loss) was 206.6 billion yen (US$2,520.1 million), a decrease of 33.7 billion yen. Although the Electronic Devices segment and the Social Infrastructure segment saw increases, the Digital Products segment saw deterioration. This resulted in a decreased operating income ratio and ROE, 3.4% and 8.5%, respectively. Also, ROI decreased by 1.7 points to 8.7%.

Shareholders' equity, or equity attributable to the shareholders of the Company, was 867.3 billion yen (US$10,576.4 million), the same level as at the end of March 2011. There was a decrease of 46.4 billion yen in accumulated other comprehensive loss, reflecting impacts from fluctuations in foreign exchange rates and a downturn in stock market prices and the payment of a dividend to shareholders, but net income (loss) attributable to shareholders of the Company stood at a positive 73.7 billion yen.

Total interest-bearing debt increased by 154.5 billion yen from the end of March 2011 to 1,235.8 billion yen (US$15,070.3 million).

As a result of the total assets increase resulting from strategic investments, the shareholders' equity ratio at the end of March 2012 was 15.1%, a 1.0-point decline from the end of March 2011, and the debt-to-equity ratio at the end of March 2012 was 142%, a 17-point increase from the end of March 2011.

The Group strongly promotes capital expenditure and investments & loans. The Group sets "Shiftable funds", which enables the Company to make speedy and flexible decisions of investments in response to change of business environment, and executes strategic investments. In FY 2011, the Group strongly promoted strategic investments including acquisition of Landis+Gyr AG ("L+G") for enhancement of global competitiveness and future growth. As a result, the Group increased total investments, including capital expenditure and investments & loans for M&A, from previous year to 437.9 billion yen.

DIVIDEND

The Company, 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 payments, in line with a payout ratio in the region of 30 percent, on a consolidated basis.

The Company has decided to pay both an interim dividend and a year-end dividend. The Company paid 4.0 yen per share as the interim dividend and the year-end dividend has been set at 4.0 yen per share. As a result, the annual dividend for FY 2011 will be 8.0 yen per share, 3 yen increase per share from the previous year.

The Company will carefully examine and decide on the dividend plan for the next term, FY2012, in light of the Group's financial position, strategic investment plans and other factors. The Company will announce the dividend for FY2012 as soon as it is determined.

RESULTS BY INDUSTRY SEGMENT

	Billions of yen			
	Net Sales		Operating Income (loss)	
Year ended March 31	-	Change (%)	-	Change
Digital Products	1,664.0	(13%)	(28.2)	(57.1)
Electronic Devices	1,616.3	(8%)	90.2	19.0
Social Infrastructure	2,412.8	+6%	134.2	4.6
Home Appliances	576.8	(4%)	5.7	(3.1)
Others	326.9	(2%)	2.9	2.2
Eliminations	(496.5)	–	1.8	–
Total	6,100.3	(5%)	206.6	(33.7)

DIGITAL PRODUCTS

The Digital Products segment saw overall sales decrease by 253.7 billion yen to 1,664.0 billion yen ($20,292.5 million). Even though the Visual Products business, which includes TVs, saw sales increase in emerging economies, it recorded a significant decrease in sales in Japan on lower unit sales following the completion of the transition to terrestrial digital broadcasting and the expiration of the eco-point stimulus program in Japan and on price declines. The PC business also recorded a decrease in sales, the result of currency translation adjustments due to sharp yen appreciation, sluggish sales in the United States and Europe.

Overall segment operating income (loss) deteriorated by 57.1 billion yen to -28.2 billion yen ($-343.8 million). The PC business recorded higher operating income on the execution of proactive cost reductions and lower parts and material costs. However, the Visual Products business saw deterioration in operating income (loss) on significantly lower unit sales and the impact of price declines in Japan, despite improvement from making the best use of original design manufacturers and the reorganization and consolidation of domestic and overseas facilities.

ELECTRONIC DEVICES

The Electronic Devices segment saw overall sales decrease by 141.6 billion yen to 1,616.3 billion yen ($19,710.5 million). The Storage Products business saw sales rise on a healthy performance centered on the HDDs, but the Semiconductor business saw a decrease in sales due to sharp yen appreciation, the floods in Thailand, price declines in Memories and a fall-off in demand for Discretes and System LSIs. The LCD business also saw lower sales, largely attributable to the FY2010 sale of AFPD Pte., Ltd., an overseas subsidiary that manufactured LCDs for PCs, as a part of business restructuring.

Overall segment operating income increased by 19.0 billion yen to 90.2 billion yen($1,099.7 million). The Semiconductor business saw a decrease in operating income on lower demand for Discretes and System LSIs, yen appreciation and the floods in Thailand, despite the positive impact of restructuring and cost reductions and although Memories recorded a solid performance on increased unit sales. The Storage Products business recorded a healthy performance centered on the HDDs and the LCD business recorded higher operating income reflecting progress in business restructuring.

SOCIAL INFRASTRUCTURE

The Social Infrastructure segment saw overall sales increase by 135.1 billion yen to 2,412.8 billion yen ($29,424.6 million). The Power Systems and Industrial Systems business recorded higher sales, mainly on a healthy performance in the Thermal & Hydro Power Systems and the positive effect contributed by the acquisition of Landis+Gyr AG ("L+G"). The Elevator and Building Systems business also saw higher sales.

Overall segment operating income increased by 4.6 billion yen to 134.2 billion yen($1,637.2 million). The Power Systems and Industrial Systems business recorded higher operating income on higher sales and the IT solutions business also saw higher operating income.

HOME APPLIANCES

The Home Appliances segment saw overall sales decrease by 23.0 billion yen to 576.8 billion yen ($7,033.5 million). The Lighting Systems business recorded a healthy performance, mainly on LEDs, stimulated by concerns to save power. However, the White Goods business saw lower unit sales as a result of the floods in Thailand and the expiration of Japan's eco-point stimulus program.

Overall segment operating income decreased by 3.1 billion yen to 5.7 billion yen ($69.4 million). Even though the Lighting Systems business recorded a strong performance centered on LEDs, the White Goods business felt the impact of lower sales.

OTHERS

Others saw sales decrease by 8.1 billion yen to 326.9 billion yen ($3,988.0 million) while its operating income improved by 2.2 billion yen to 2.9 billion yen ($34.5 million).

The Company's Consolidated Financial Statements are based on U.S. GAAP.

Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.

Mobile Broadcasting Corporation and the Mobile Phone business have been classified as discontinued operations in the consolidated accounts in accordance with Accounting Standards Codification No.205-20, *"Presentation of Financial Statements - Discontinued Operations"*. The performances of these businesses are excluded from consolidated net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Toshiba Group's net income (loss) is calculated by reflecting these business results to income (loss) from continuing operations, before income taxes and noncontrolling interests.

The hard disk drive (HDD) business was recognized as an electronic component business and reclassified from the Digital Products segment to the Electronic Devices segment and incorporated into the Semiconductor and Storage business in a July 1, 2011 reorganization. In the same reorganization, the optical disk drive (ODD) business was also recognized as an electronic component business, reclassified from the Digital Products segment to the Electronic Devices segment and transferred to a new division dedicated to the business. The breakdown of results for FY2011 has been retroactively reclassified to reflect these changes, as have the numeric amounts for the previous year. In this release, HDDs and SSDs are referred to as the Storage Products business.

RESEARCH AND DEVELOPMENT

Aiming at the global top as a compound electrical equipment manufacturer, the Group has been promoting its R&D through the projects of creating World's First, World No.1 Products and services in order to nurture next generation development, as well as business developments for the near future. With its technology for most effective use of energy, the group is eager to promote the Total Energy Innovation, which secures highly-efficient use of energy and stable power supply, together with the Total Storage Solution, which provide retail services, contents services, and application for healthcare with integrated storage system corresponding to the shift to Big Data, Cloud, and the ensuring security.

The Group's overall R&D expenditure reached 319.9 billion yen in the fiscal year ended March 31, 2012. Expenditures for each business segment were as follows:

	Billions of yen
Digital Products	51.6
Electronic Devices	147.0
Social Infrastructure	105.5
Home Appliances	14.1
Others	1.7

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE OVERVIEW

The Group strongly promotes capital expenditure and investments & loans to accelerate enhancement of its focus businesses and to establish new profit basis. The Group sets "Shiftable funds", which enables the Company to make speedy and flexible decisions of investments in response to change of business environment, and executes strategic investments.

In FY 2011, the Group strongly promoted strategic investments including acquisition of L+G for enhancement of global competitiveness and future growth. As a result, the Group increased total investments, including capital expenditure and investments & loans for M&A, from previous year to 437.9 billion yen. Among the total investments, in relation to capital investment, the Group carefully select projects in fields in which growth are expected, forecasting changes in the market while placing importance on efficiency of investment. As a result, capital expenditure on an ordering basis amounted to 273.4 billion yen.

The above capital expenditure includes the Group's portion in the investments made by Flash Forward, Ltd. and other affiliates accounted for by the equity method.

	Capital expenditure (billion yen)	Investments & loans (billion yen)	Total investments (billion yen)
Digital Products	12.8	1.1	13.9
Electronic Devices	149.6	2.6	152.2
Social Infrastructure	68.7	148.2	216.9
Home Appliances	18.5	0.0	18.5
Others	23.8	12.6	36.4
Total	273.4	164.5	437.9

Notes: Based on ordering basis and includes intangible assets.

In the segment of digital products, the Group invested 12.8 billion yen for developing new products and manufacturing facilities, etc.

In the segment of electronic devices, with the firm demand for NAND flash memories continuing, the Group invested 149.6 billion yen (including its portion for investments made by Flash Forward, Ltd. etc.) in manufacturing facilities for finer lithography, as well as manufacturing facilities for HDD and others. The major projects completed by the Group in FY2011 included manufacturing building and facilities, etc for NAND flash memory (at Yokkaichi Operations).

In the segment of social infrastructure, the Group invested 68.7 billion yen in strengthening manufacturing facilities, etc. for steam turbine and generator for thermal power stations. One of the major projects completed in FY2011 is manufacturing facilities of steam turbine and generator for thermal power station (in India).

In the segment of home appliances, the Group invested 18.5 billion yen in manufacturing building and facilities, etc for home appliance products in response to the strong demand in emerging economies.

In the segment of others, the Group invested 23.8 billion yen.

The Group also entered into an agreement with Western Digital Corporation on Toshiba's acquisition of certain of Western Digital's 3.5-inch HDD manufacturing equipment and stock sales of Toshiba Storage Device (Thailand), Co., Ltd, one of the Group's consolidated companies. The Group completed the transaction in May 2012.

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

The Group plans to increase the amount of capital expenditure and investments & loans to 1370.0 billion yen for the 3 years from FY2011. The Group also plans to set "Shiftable funds", which enables the Company to make decisions of investments speedily as well as flexibly in response to change of business environment, and executes strategic investments.

At the end of this fiscal year ending March 31, 2012, investment for newly-established facilities and upgrades of equipment is planned to be amounted as 300.0 billion yen in FY2012 (based on the value of orders placed and including intangible assets; hereinafter the same). This figure includes the Group's portion of the investment made by Flash Alliance, Ltd. and Flash Forward, LLC. and others, which are companies accounted for by the equity method. The funds for capital expenditures will be financed by the internal funds.

In the segment of the Electronic Devices, in November 2011, the Company has decided to phase out three facilities during the first half fiscal year of 2012: Kitakyushu Operations and Hamaoka Toshiba Electronics Corporation, which carry out front-end production of optical semiconductors; and Toshiba Components Co., Ltd., an assembly facility for power semiconductors.

billions of yen — As of March 31, 2012

Business Segment	Planned Capital Investments for FY2012	Major Contents and Purposes
Digital Products	18.0	–
Electronic Devices	140.0	Manufacturing facilities for NAND flash memories, Manufacturing facilities for HDDs, etc.
Social Infrastructures	80.0	Enhancement of Power systems businesses, etc.
Home Appliances	20.0	Manufacturing facilities for Home appliances, etc.
Others	42.0	–
Total	300.0	–

Notes: 1) Consumption taxes are not included in these capital investment plans.
2) Retiring material facilities is not planned except for routine renewal of facilities.
3) The major planned new facilities and equipment upgrades in FY2012 are as follows:

As of March 31, 2012

Name of Company and Office	Place	Business Segment	Type of Facility	Planned Beginning	Capacity Improvement after Completion of Construction
Flash Forward LLC., and others	Yokkaichi, Mie	Electronic Devices	Manufacturing facilities for semiconductors, etc.	July 2012	Enhancement of manufacturing facilities, etc.

FINANCIAL POSITION

Total assets increased by 351.9 billion yen from the end of March 2011 to 5,731.2 billion yen ($69,893.2 million), due to strategic investments aimed at strengthening global competitiveness.

Shareholders' equity, or equity attributable to the shareholders of the Company, was 867.3 billion yen ($10,576.4 million), the same level as at the end of March 2011. There was a decrease of 46.4 billion yen in accumulated other comprehensive loss, reflecting impacts from fluctuations in foreign exchange rates and a downturn in stock market prices and the payment of a dividend to shareholders, but net income (loss) attributable to shareholders of the Company stood at a positive 73.7 billion yen.

Total interest-bearing debt increased by 154.5 billion yen from the end of March 2011 to 1,235.8 billion yen ($15,070.3 million).

As a result of the total assets increase resulting from strategic investments, the shareholders' equity ratio at the end of March 2012 was 15.1%, a 1.0-point decline from the end of March 2011, and the debt-to-equity ratio at the end of March 2012 was 142%, a 17-point increase from the end of March 2011.

CASH FLOWS

In the fiscal year under review, net cash provided by operating activities amounted to 335.0 billion yen, a decrease of 39.1 billion yen from net cash provided by operating activities of 374.1 billion yen in the previous fiscal year, due to a decrease of net income attributable to shareholders of the Company.

Net cash used in investing activities amounted to 377.2 billion yen, an increase of 162.5 billion yen from 214.7 billion yen in the previous fiscal year. This was mainly due to an increase in expenditure for strategic investment aiming to strengthen global competitiveness including the acquisition of L+G.

As a result of the foregoing, free cash flow amounted to -42.2 billion yen, a decrease of 201.6 billion yen from 159.4 billion yen in the previous fiscal year.

Net cash used in financing activities amounted to 0.2 billion yen, a decrease of 154.5 billion yen from 154.7 billion yen of net cash used in financing activities in the previous fiscal year. This was mainly due to an increase of proceeds from debt for acquisition of L+G.

The effect of exchange rate changes was to decrease cash by 2.1 billion yen. Cash and cash equivalents at the end of the fiscal year declined by 44.5 billion yen, from 258.8 billion yen of the end of the previous fiscal year to 214.3 billion yen.

In December 2011, The Shaw Group Inc. announced that its put options to sell to the Group all or a part of its stake in the holding companies of Westinghouse Electric (20% of the holding companies of Westinghouse Electric) which are currently held by Nuclear Energy Holdings LLC, a wholly owned subsidiary of the Shaw Group Inc., the announcement of which was made in September 2011, will be exercised automatically in October 2012 in accordance with the contractual terms between Shaw Group and the Group because it did not receive the consent from the third party in order to exercise its put options. In the case such put options are exercised, the Group will seek for the participation of new strategic partner in investment in Westinghouse, however the Group may bear substantial amount of investment funds during the period from January 2012 when the Group acquires the stakes to the time of such investment by new strategic partner. Several companies have already expressed an interest in investing in Westinghouse and it remains open to the idea of inviting the participation of new investors in Westinghouse, if the Company and such potential investors could share a long-term vision and business strategy with respect to Westinghouse business.

TREASURY STOCK

Shares held as of the closing date of last period:			2,519,870 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		142,523 (common stock)
		Aggregate amount of acquisition costs:	52 (million yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		26,335 (common stock)
		Aggregate amount of sales value:	9 (million yen)
Shares held as of the closing date of this period:			2,636,058 (common stock)

MAJOR SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2012

Name of Company	Voting Rights Ratio (Percentage)	Location
Toshiba TEC Corporation	53.0	Shinagawa-ku, Tokyo
Toshiba Plant Systems & Services Corporation	61.6	Yokohama
Toshiba Elevator and Building Systems Corporation	80.0	Shinagawa-ku, Tokyo
Toshiba Solutions Corporation	100.0	Minato-ku, Tokyo
Toshiba Medical Systems Corporation	100.0	Otawara
Toshiba Nuclear Energy Holdings (US) Inc.	67.0	U.S.
Toshiba Nuclear Energy Holdings (UK) Ltd.	67.0	U.K.
Toshiba Consumer Electronics Holdings Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba America, Inc.	100.0	U.S.
Taiwan Toshiba International Procurement Corporation	100.0	Taiwan

Notes: 1) The Company has 554 consolidated subsidiaries (including the 10 companies above) in accordance with Generally Accepted Accounting Standards in the U.S., and 196 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Ikegami Tsushinki Co., Ltd., Shibaura Mechatronics Corporation, Toshiba Machine Co.,Ltd., and Topcon Corporation.

2) Toshiba Nuclear Energy Holdings (US) Inc. substantially owns all of the equity of Westinghouse Electric Company L.L.C.

3) The Group transferred all issued shares of Toshiba Mobile Display Co., Ltd. to Japan Display Inc. as of March 2012. As a result, Toshiba Mobile Display Co., Ltd. is no longer a consolidated subsidiary of the Group.

Main Places of Business and Facilities of the Company

As of March 31, 2012

Segment		Major Distribution
Company-wide	Offices	Principal Office (Minato-ku, Tokyo), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Shutoken Branch Office (Saitama), South-Shutoken Branch Office (Yokohama), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories and others	Corporate Research & Development Center (Kawasaki), Software Engineering Center (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama), Himeji Operations (Himeji)
Digital Products	Laboratories	Design & Development Center (Ome), Core Technology Center (Ome)
	Production Facilities	Fukaya Complex (Fukaya), Ome Complex (Ome)
Electronic Devices	Laboratories	Center For Semiconductor Research & Development (Kawasaki)
	Production Facilities	Ome Operations - Storage Products(Ome), Microelectronics Center (Kawasaki), Yokkaichi Operations (Yokkaichi), Himeji Operations-Semiconductor (Taishi, Hyogo), Kitakyushu Operations (Kitakyushu), Oita Operations (Oita)
Social Infrastructure	Laboratories	Power and Social Systems Research and Development Center (Yokohama), Isogo Nuclear Engineering Center (Yokohama)
	Production Facilities	Kashiwazaki Operations (Kashiwazaki), Saku Operations (Saku), Fuchu Complex (Fuchu, Tokyo), Komukai Operations (Kawasaki), Hamakawasaki Operations (Kawasaki), Keihin Product Operations (Yokohama), Mie Operations (Asahi Cho, Mie)

As of April 2012, Core Technology Center was reorganized to Platform & Solution Development Center. Also, Komukai Operations is renamed to Komukai Complex and integrated Microelectronics Center.

RISK FACTORS RELATING THE GROUP AND ITS BUSINESS

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

The risks described below are identified by the Group based on information available to the Group as of June 22, 2012 (the date of the filing of the Annual Securities Report) and involve inherent uncertainties, and, therefore, the actual results may differ. The Group recognizes these risks and makes every effort to avoid the occurrence of these risks and minimize any impact from them when they occur, by maintaining the proper risk management.

1. Risks related to management policy

(1) Strategic concentrated investment

In response to the issues that the current global economy faces, such as the increase in demand for energy or the rise in the price of resources, which are associated with the growth and expansion of emerging economies, and mass capacity growth of the information transmission and/or storage and the ensuring of the information security, the Group proposes a comprehensive solution through the construction of smart communities, by combining and integrating effectively the respective technologies in which the Group has an advantage. In addition, the Group makes strategic concentrated investment in the categories of total energy innovation, such as power generation systems, renewable and new energy, power electronics/EV and home solutions, and total storage innovation, such as HDD/SSD, NAND flash memory, health care solutions, retail solutions and digital products solutions. In areas such as System LSIs, the Group is also restructuring and selectively allocating resources. While it is essential to allocate limited management resources to high growth areas or areas in which the Group enjoys competitiveness, in order to secure and maintain the Group's advantages, the areas in which the Group makes concentrated investments may not grow as anticipated, the Group may not maintain or strengthen its competitive power in such areas, or the relevant investments may not fully generate the anticipated level of profit. In order to avoid such risks, the Group is conscious of capital costs and of the need to conduct careful selection of investment items and to enhance progress management. Alongside these efforts, the Group also aims to achieve growth through allocation of strategic resources and to reinforce its financial base, by means of thorough implementation of comprehensive management of all relevant investments that reflect the nature of each individual business. Further to this, the Group also makes every effort to utilize external resources through strategic business alliances where necessary.

(2) Success of strategic business alliances and acquisitions

The Group actively promotes business alliances with other companies, including the formation of joint ventures and acquisitions, in order to grow new businesses in research and development, production, marketing and various other areas. If the Group has any disagreement with its partner in a business alliance or an acquisition in respect of financing, technological management, product development, management strategies or otherwise, such business alliance may be terminated or such acquisition may not have the expected effects. In addition, the Group's operating results and financial condition may be adversely affected by additional capital expenditures and provision of guaranties to meet the obligations for such partnership business that may be incurred due to the deterioration of the financial condition of the partner, as well as for other reasons. Based on these assumptions, the Group pays careful attention to optimizing business formation to secure correspondence to the nature of the relevant business.

(3) Business structure reformation

The Group as a whole is taking measures to reform its business structure, in order to continue and deepen the establishment, through self-transformation, of the business quality by which it can ensure a stable profit, not susceptible to a changing environment, and there is a possibility that the Group will incur expenses for business structure reform in this connection. Although there is a possibility that the Group's operating results or financial condition may be affected in the event of the failure of such program to produce the expected results, the Group has reduced the accumulated total fixed costs for 3 years in the amount by 1,500 billion yen, and, in addition to developing resistance to exchange rate fluctuations mainly by expansion of overseas production/overseas procurement, the Group has realized a substantial reduction in costs by promoting the unification of design, manufacturing and procurement.

(4) Measure for defense against hostile takeover

The Company has introduced a plan outlining countermeasures that may be taken against any large-scale acquisitions of the Company's shares (the "Takeover Defense Measures"). If an entity making a large-scale acquisition of the Company's shares does not comply with the procedures under the Takeover Defense Measures, the Company will counteract by making a *gratis* allotment of stock acquisition rights *(shinkabu yoyakuken)* under the Takeover Defense Measures. Although such Takeover Defense Measures were introduced for the purpose of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, they may limit the opportunities for the shareholders of the Company to sell their shares to hostile acquirers.

2. Risks related to financial condition, results of operations and cash flow

(1) Business environment of the Digital Products business

The market for the Digital Products business is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. Additionally, this business is significantly affected by exchange rate fluctuations, economic fluctuations and consumer spending trends, and decreases in demand across the market may cause declines in product prices. In times of rapid increases in demand, the Group's profit may be reduced due to the need to purchase costly parts and components, and a shortage of these parts and components may hinder the Group's ability to supply products to the market in a timely manner. The Group makes efforts to monitor the latest trends in market demand in order to better respond to changes in supply and demand conditions, as well as to better manage its production, procurement, sales and inventory. At the same time, the Group makes efforts to minimize risks and reduce costs in connection with the procurement of parts and components by promoting package procurement measures comprehensive procurement on a Group-wide basis. The Group also makes every effort to minimize the potential impact of the market volatility by undertaking regional strategies (such as with respect to the emerging markets, including China, that have relatively high economic growth rates) to promote business expansion. However, any rapid fluctuation in demand may result in price erosion or increases in prices of parts and components, which may adversely affect the Group's financial results with respect to this business.

The Visual Products business, including TVs, is under the influence of a decrease in sales volume in a larger amount than expected after completion of the shift to digital terrestrial broadcasting in Japan and the drastic decline in sales price. In response to these issues, the Group is addressing the reduced volume management, through the termination of domestic production, expansion of outsourced production, reduction of model numbers and number of panels. Also, the PC business is under the influence of the slowdown in demand centered around developed countries and competition with other digital products.

However, because the growth in the emerging markets centered around Asia is supposed to remain strong, in addition to continuous development of the local fit products based on consideration of characteristics of each region, centering on the emerging markets, the Group plans to work on the sales of the high-value added products created by mobilized technologies for visual products and PC, and in addition, the Group plans to work on commercialization of various services including the digital book store called "BookPlace," which was opened in April 2011, to aim at expansion of domestic and international sales of both of hardware and services.

(2) Business environment of the Electronic Devices business

The market for the Electronic Devices business is highly cyclical, depending on demand, and intensely competitive, with many companies, mainly in overseas markets, manufacturing and selling products similar to those offered by the Group. The results of this business tend to change with economic fluctuations and, in particular, to be heavily affected by exchange rate fluctuations. Unforeseen market changes and corresponding changes in demand at the time of production may result in a mismatch between the Management's Discussion and Analysis production of particular products based on the sales volume initially expected and the actual demand for such products, or cause the business to be adversely affected by a decrease in product unit prices due to oversupply. In particular, the price for NAND flash memory, the Group's major product in this business, may undergo rapid change, and System LSIs and other semiconductor products also face uncertain future market trends, in spite of gradual recovery in the consumer market for digital products that use semiconductors. The movement of the consumer market or semiconductor heavy users may influence demand for semiconductors. Fluctuations in the results of this business may materially affect the Group's overall business performance. In addition, the market may face a downturn, the Group may fail to market new products in a timely manner, production may not go as planned, or a rapid introduction of new technology may make the Group's current products obsolete. Economies of scale with respect to the manufacture of the many products produced by this business are significant and there is intense competition to develop and market new products. Therefore, significant levels of capital expenditures are required to maintain and improve competitiveness in both the price and quality of products.

The Group makes every effort to implement the business by focusing its attention on these factors and promoting strategic allocation of resources. At the same time, the Group makes every effort to increase profits by enhancing cost competitiveness, which is to be achieved by maintaining a technological advantage, and expanding the product line-up. Additionally, the Group undertakes rigorous selection in its investments and makes every effort to carefully monitor the latest market trends and to make capital investments in a timely manner, while thoroughly controlling flexible production that corresponds to fluctuations in market demand, adjustment of supplies and investment management. The Group promotes procurement of components from overseas in US dollars in order to mitigate the impact of exchange rate fluctuations.

Also, while Discrete and System LSI businesses are under the influence of a decline in demand, in order to improve the profitability and enhance the constitution of the business, the Group is promoting business structure reform, such as restructuring and sales of manufacturing facilities, narrowing product type, becoming specialized in design by expansion of outsourced production (fabless policy) and the effort to enlarge the size of disc in pre-process of semiconductor production.

With respect to the storage products business, in order to establish the integrated storage business corresponding to the change in business environment, the Group consolidated the HDD business with the semiconductor business in July 2011. With the use of the advantage of having the high-spec SSD and the high-capacity HDD, the Group plans to strengthen the storage products business under which the HDD, SSD, and NAND flash memory are integrated.

(3) Business environment of the Social Infrastructure business

A significant portion of net sales in the Social Infrastructure business is attributable to national and local government expenditures on public works and to capital expenditures by the private sector. The Group monitors trends in such capital expenditures in conducting its business and also makes best efforts to cultivate new business and customers. However, reductions and delays in spending on public works, low levels of private capital expenditures due to economic recession, and exchange rate fluctuations may have a negative impact on this business.

Furthermore, this business involves the supply of products and services for large-scale projects on a worldwide basis. Postorder changes in the specifications or other terms, delays, appreciation of material costs, changes to and stoppages of plans for various reasons, including policy changes, natural and other disasters and other factors, may adversely and substantially affect the progress of such projects. In addition, when the percentage of completion method is applied to revenue recognition for long term construction contracts, the Group may reassess profits previously recorded as accrued and record them as a loss, in the event that the expected profits from such projects do not meet original expectations or projects are delayed or cancelled for some reason. Furthermore, it may not be possible to pass on to the customer or others any additional costs incurred due to delays in the work process, and such costs may not be collected. In order to deal with such cases, the Group makes every effort to grasp trends in markets and projects and to ensure thorough risk management before and after accepting orders. In addition, whenever possible, the Group makes every effort to appropriately avoid risk by making agreements with customers for advance payment or performance payments, as well as other agreements on supplemental payments in the event of changes in specifications and delays in work. Although difficulties may arise for the continuance of certain currently ongoing projects due to a change in the policies of fund providers and other factors, the Group is making every effort to obtain other fund providers for such pending projects.

With respect to the nuclear power business, since the incident that occurred at the Fukushima Nuclear Power Plant, there is a possibility that, to some extent, the project plans and orders obtained by the Group may be reconsidered. With respect to the existing power plants, we will implement emergency safety measures for the purpose of resuming operations and respond with permanent improvements in accordance with safety standards to be revised based on the analysis of the incident above. In addition, taking into account the lessons learned from the incident above, upon development of the nuclear power reactor with higher safety standards corresponding to the loss of all electric sources or severe accident and next-generation small reactor, the Group is promoting the establishment of a low carbon mainstay electric source. With respect to the new construction of power plants, it is necessary to incorporate revised future safety standards, and the Group will determine its future development while confirming the status of customers in various countries and regions. In overseas countries, construction of a new nuclear power plant started in the United States for the first time in 34 years, and construction proceeds smoothly in China, as well.

There is a possibility that the steep appreciation of the yen and Japanese electric power companies' reduction of investment in the electricity distribution fields resulted from the Great East Japan Earthquake will affect the Company's electric power distribution system business. In response to this, by accelerating the global expansion of the electric power distribution system business, including production, the Group plans to expand the business centered around emerging economies.

(4) Business environment of the Home Appliances business

The Home Appliances business faces intense competition from many companies manufacturing and selling products similar to those offered by the Group. In addition, the results of this business tend to be strongly affected by consumer spending and trends in building and housing construction starts relative to the lighting and air-conditioning businesses. Accordingly, the impact of the recession and price declines in recent years may lead to a deterioration in the results of this business. Given this, the Group is making every effort to expand this business by developing it at the global level, including in emerging economies that have a high growth rate, as well as by developing new products that are environmentally friendly and that contribute to energy saving, such as new lighting systems.

(5) The Great East Japan Earthquake

There remains an impact of the Great East Japan Earthquake on the economy, and the businesses of the Group may be affected due to the change in domestic demand. In addition, the shortage of electric power supply resulted from the suspension of the operation of nuclear power plants and the rise in electricity costs due to the rise of fuel costs may affect the business activities, including manufacturing operations, of the Group.

Regarding the power shortage, the Group expects to cooperate with the efforts to reduce power consumption by way of establishing in-house power generation, and, in addition to our effort to seek for the adjustment of production and the shifting and streamlining of the functions, the Group will forward the enhancement of energy saving, the introduction of highly effective devices and the promotion of the adoption of LED lighting.

(6) Financial covenants

Loan agreements entered into between the Company and several financial institutions provide for financial covenants. Therefore, if the Company's consolidated net assets, consolidated operating income or credit rating falls below the respective levels provided for in the financial covenants, the Company's obligations with respect to relevant loan repayments may be accelerated upon demand by the relevant lending financial institutions. Furthermore, any breach by the Company of such financial covenants may trigger acceleration of the bonds or other borrowings of the Company.

The Company aims to improve business performance by promoting, among other things, restructuring programs and business structure conversions, while making all possible efforts to obtain the lending financial institutions' understanding of this, in order to avoid breaching financial covenants and consequent acceleration of repayments. However, if any acceleration of the Company's loan repayments occurs, it may materially affect the Company's business operations.

(7) Financial risk

Apart from being affected by the business operations of the Company or the Group, the Company's consolidated and nonconsolidated results and financial condition may be affected by the following major financial factors:

(i) Deferred tax assets

The Company accounted for a substantial amount of deferred tax assets. The Group reduces deferred tax assets by a valuation allowance if, based on the weight of available evidence, some portion or all of the deferred tax assets are unlikely to be realized. Recording of valuation allowances includes estimates and therefore involves inherent uncertainty.

The Group may also be required hereafter to record further valuation allowances, and the Group's future results and financial condition may be adversely affected thereby.

The Group may be affected by future tax regulatory changes as the recordation of deferred tax assets and valuation allowances have been made based on the currently-effective tax regulations.

(ii) Exchange rate fluctuations

The Group conducts business in various regions worldwide using a variety of foreign currencies and is therefore exposed to exchange rate fluctuations.

Although the Group makes efforts to minimize the effect of fluctuation in exchange rates by balancing sales in foreign currencies and purchase in foreign currencies, there is a possibility that operating income/loss will be affected by exchange rate fluctuations due to changes in the balance of the scale of business segments and other factors. Also, there is a possibility that such foreign exchange losses will occur, as resulting from a difference between the exchange rates at the time of recognizing and at the time of settlement of the credits and debts in foreign currencies, in case of steep exchange rate fluctuations.

Foreign currency denominated assets and liabilities held by the Group are translated into yen as the currency for reporting consolidated financial results. The effects of currency translation adjustments are included in "accumulated other comprehensive income (loss)" reported as a component of equity attributable to shareholders of the Company ("shareholders' equity"). As a result, the Group's shareholders' equity may be affected by exchange rate fluctuations.

(iii) Accrued pension and severance costs

The Group recognizes the funded status (i.e., the difference between the fair value of plan assets and the benefit Management's Discussion and Analysis obligations) of its pension plan in the consolidated balance sheets, with a corresponding adjustment, net of tax, included in "accumulated other comprehensive loss" reported as a component of shareholders' equity. Such adjustment to "accumulated other comprehensive loss" represents the result of adjustment for the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligations. These amounts will be subsequently recognized as net periodic pension and severance costs calculated pursuant to the applicable accounting standards. The funded status of the Group's pension plan may deteriorate due to declines in the fair value of plan assets caused by lower returns, increases of severance benefit obligations caused by changes in the discount rate, salary increase rates or other actuarial assumptions. As a result, the Group's shareholders' equity may be adversely affected, and the net periodic pension and severance costs to be recorded in "cost of sales" or "selling, general and administrative expenses" may increase.

(iv) Impairment of long-lived assets, goodwill and listed shares.

If there is an indication of impairment for a long-lived asset and the carrying amount of such asset will not be recovered by the future undiscounted cash flow, the carrying amount may be reduced to its fair value and a loss may be recognized as an impairment with respect to such difference. A substantial amount of goodwill has been recorded in the Company's consolidated balance sheets in accordance with U.S. generally accepted accounting principles. Goodwill is required to be tested for impairment annually. If an impairment test shows that the total of the carrying amounts, including goodwill, in relation to the business related to such goodwill exceeds its fair value, the relevant goodwill must be recalculated, and the difference between the current amount and the recalculated amount will be recognized as an impairment. Therefore, additional impairments may be recorded, depending on the valuation of long-lived assets and the estimate of future cash

flow from business related to goodwill.

Also, if the market price of listed shares held by the Group as the marketable securities declines, there is a possibility that an impairment loss on the relevant shares will be recorded or that the net unrealized losses on securities will be recognized.

(8) Changes in financing environment and others

The Group has substantial amounts of interest-bearing debt for financing that is highly susceptible to market environments, including the European debt crisis, interest rate movements and fund supply and demand. Thus, changes in these factors may have an adverse effect on the Group's funding activities. The Group has also been raising funds by issuing bonds or taking loans from financial institutions. In the case the financial markets fall into unstable turmoil, the financial institutions' reduction in their lending in response to the change in capital adequacy requirements, or the downgrading of the credit rating of the Company given by rating agencies, there can be no assurance that the Group will obtain refinancing loans or new loans in the future on similar terms. If the Group is unable to obtain loans for the amount needed by the Group in a timely manner, the Group's financing may be adversely affected.

3. Risks related to business partners and others

(1) 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 appropriate manner. However, such materials, components and goods may only be obtainable from a limited number of suppliers due to the particularity of such materials, components and goods, and, therefore, such suppliers may not be easily replaced [if the need to do so arises]. In cases of delay or other problems in receiving supply of such materials, components and other goods, shortages may occur or procurement costs may rise. It is necessary to procure materials, components and other goods 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 procure such materials, components and other goods from key suppliers may impact the Group's competitiveness. Furthermore, any case of defective materials, components or other goods, or any failure to meet required specifications with respect to such materials, components or other goods, may also have an adverse effect on the reliability and reputation of the Group and Toshiba brand products.

In order to deal with such situations, the Group makes every effort to avoid risks by developing and cultivating new suppliers, promoting multi-vendor procurement by means of adopting standard products, and engaging in comprehensive procurement on a Group-wide basis, in addition to ensuring acquisition of materials, components and other goods through enhanced cooperation with key suppliers.

(2) Securing human resources

A large part of the success of the Group's businesses depends on securing excellent human resources in every business area and process, including product development, production, marketing and business management. In particular, securing the necessary human resources is essential in respect of achieving globalization of the Group's businesses. However, competition to secure human resources is intensifying, as the number of qualified personnel in each area and process is limited, while demand for such personnel is increasing. As a result, the Group may fail to retain existing employees or to obtain new human resources.

The Group will further reinforce educational programs for employees, toward developing human resources, including nurturing personnel able to support and promote business globalization.

In order to reduce fixed costs, the Group is implementing personnel measures, including the reallocation of human resources to focus on strong and promising businesses, reclaiming jobs that are outsourced to third parties or conducted by limited-term employees, reducing the number of limited-term employees implementing a leave system, and reducing overtime through a review of working systems. However, fixed costs may not be reduced as anticipated or the implementation of such personnel measures may adversely affect the Group's employee morale, production efficiency or the ability to secure capable human resources.

4. Risks related to products and technologies

(1) Investments in new businesses

The Group invests in companies involved in new businesses, enters into alliances with other companies with respect to new businesses, and actively develops its own new businesses. The Group is now accelerating expansion of new growth businesses that can take advantage of a synergy of the Group's strengths in areas that include next generation devices, smart communities, power electronics and EV, recyclable energy, and healthcare businesses. Promotion of new business is essential for implementation of the growth strategy, and as a part of this, in addition to the acquisition of Landis+Gyr AG, a company incorporated in Switzerland and Vital Images, Inc., a company incorporated in the United States, the Group decided to acquire the Retail Stores Solutions business from IBM Corporation, a company incorporated in the United States.

Cultivation of new businesses entails substantial uncertainty, and if any new business in which the Group invests or

which the Group attempts to develop does not progress as planned, the Group may be adversely affected by incurring investment expenses that do not lead to the anticipated results. In order to avoid these risks, the Group makes every effort to resolve various technological issues and to develop and capture potential demand effectively in the new business development process.

5. Risks related to trade practices

(1) Parent company's guarantees

When a subsidiary of the Company accepts an order for a large project, such as a plant, the Company, as the parent company, may, at the request of the customer, provide guarantees with respect to the subsidiary's performance under the contract. Such parent guarantees are made pursuant to standard business practices and in the ordinary course of business. If the subsidiary subsequently fails to fulfill its obligations, the Company may be obligated to bear the resulting loss. The Company makes every effort to conduct appropriate management by periodically monitoring the subsidiaries' fulfillment of the contract requirements and by cooperating with such subsidiaries where necessary.

6. Risks related to new products and new technology

(1) Development of new products

It is critically important for the Group to offer innovative and attractive new products and services. The Group has exerted its efforts to create "World-First" and "World No.1" products that deliver surprise and inspiration to customers, ahead of the needs of customers. However, due to the rapid pace of technological innovation, the emergence of alternative technologies and products and changes in technological standards, the optimum introduction of new products to the market may not be accomplished, or new products may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to continuously obtain sufficient funding and resources for development of technologies may affect the Group's ability to develop new products and services and to introduce them to market.

From the viewpoint of enhancing concentration and selection of managerial resources, the Group now selects research and development themes more rigorously, with a primary focus on developing original and advanced technologies, with close consideration for the timing of market introduction. More rigorous selection of research and development items may impair the Group's technological superiority in certain products and technological fields. In order to avoid these risks, the Group intends to enhance the efficiency of research and development activities by sharing intellectual property through the promotion of common platforms and using overseas resources more efficiently in system development.

7. Risks related to laws and regulations

(1) Information security

The Group maintains and manages personal information obtained through business operations, as well as trade secrets regarding the Group's technology, marketing and other business operations. Even though the Group makes every effort to manage this information appropriately, the Group's business performance and financial situation may be subject to negative influences in the event of an unanticipated leak of such information and such information is obtained and used illegally by a third party.

Additionally, the role of information systems in the Group is critical to carrying out business activities. While the Group makes every effort to ensure the stable operation of its information systems, there is no assurance that their functionality would not be impaired or destroyed by computer viruses, software or hardware failures, disaster, terrorism, or other causes.

(2) Compliance and internal control

The Group is active in various businesses in regions worldwide, and its business activities are subject to the laws and regulations of each region. The Group has implemented and operates necessary and appropriate internal control systems for a number of purposes, including compliance with laws and regulations and strict reporting of business and financial matters.

However, there can be no assurance that the Group will always be able to structure and operate effective internal control systems. Furthermore, such internal control systems may themselves, by their nature, have limitations, and it is not possible to guarantee that they will fully achieve their objectives. Therefore, there is no assurance that the Group will not unknowingly and unintentionally violate laws and regulations in future. Changes in laws and regulations or changes in Management's Discussion and Analysis interpretations of laws and regulations by the relevant authorities may also cause difficulty in achieving compliance with laws and regulations or may result in increased compliance costs. On these grounds, the Group makes every effort to minimize these risks by making periodic revisions to the internal control systems, continuously monitoring operations, and so forth.

(3) The environment

The Group is subject to various environmental laws, including laws on air pollution, water pollution, toxic substances, waste disposal, product recycling, prevention of global warming and energy policies, in its global business activities. While the Group pays careful attention to these laws and regulations, it is possible that the Group may encounter legal or social liability for environmental matters, such as liability for the clean up of land at manufacturing bases throughout the

world, regardless of whether the Group is at fault or not, with respect to its business activities, including its past activities. It is also possible that, in future, the Group will face more stringent requirements on the removal of environmental hazards, including toxic substances, or on further reducing emissions of greenhouse gases, as a result of the introduction of more demanding environmental regulations or in accordance with societal requirements.

The Group's operations require the use of various chemical compounds, radioactive materials, nuclear materials and other toxic materials. The Group takes maximum care of such materials, giving first priority to human life and safety. However, the Group may incur damage, or the Group's reputation may be adversely affected, as a result of a natural disaster, the threat or occurrence of a terrorist incident, or of an accident or other contingency (including those beyond the Group's control) that leads to environmental pollution or the potential for such pollution.

(4) Product quality claims

While the Group makes every effort to implement quality control measures and to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that all products are free of defects that may result in a recall, lawsuits or other claims relating to product quality due to unforeseen reasons or circumstances.

8. Risks related to material legal proceedings

(1) Legal proceedings

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. It is possible that such cases may arise in the future. Due to the differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could also have a material adverse effect on the Group's business, operating results or financial condition. In addition, due to various circumstances, there can be no assurance that lawsuits involving claims for large sums will not be brought, even if the possibility of receiving orders for such payment is quite low.

In January 2007, the European Commission (the "Commission") adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company contends that it did not violate EU competition laws and appealed the decision to the General Court of the European Union in April 2007. In July 2011, the General Court of the European Union annulled the fine imposed on the Company entirely, while the Commission's decision claiming that EU competition laws were violated by the Company was supported. However, because the content of such judgment is different from the Company's recognition of fact, the Company appealed to the Court of Justice of the European Union in September 2011. The Company will assert its opinion in the appellate instance.

Furthermore, the Group is under investigation by the U.S. Department of Justice, the Commission, and other competition regulatory authorities, for alleged violations of competition laws with respect to products that include semiconductors, LCD products, cathode ray tubes (CRT), heavy electrical equipment, and optical disc devices, while class action lawsuits with respect to alleged anti-competitive behavior brought against the Group are currently pending in the United States.

Because the contract with the Ministry of Defense regarding the business of development of a reconnaissance system for the F-15 fighter was unilaterally cancelled by the other party, the Company filed a suit in the Tokyo District Court in July 2011, claiming payment therefor. Because the Company believes that it properly conducted its business in accordance with the contract and considers the relevant cancellation of contract to be unjust, the Company will assert its opinion in the suit.

9. Risks related to directors, employees, major shareholders and affiliates

(1) Alliance in NAND flash memory

The Group has a strategic alliance with a U.S. company, SanDisk Corporation ("SanDisk"), for the production of NAND flash memory, which includes production joint ventures (equity method affiliates). Under the joint venture agreement, the Group may purchase SanDisk's ownership interests in the production joint ventures. In addition, the Company and SanDisk each provide a 50% guaranty in respect of the lease agreements of production facilities held by the production joint ventures. In the event that SanDisk's operating results and financial condition deteriorate, the Company may succeed to SanDisk's guaranty obligations or purchase SanDisk's ownership interests in the relevant production joint ventures, in which case the production joint ventures will thereafter be treated as consolidated subsidiaries of the Company.

(2) Alliance in nuclear power systems business

The Group acquired Westinghouse group in October 2006. The Company's ownership interest in Westinghouse group (including the holding companies) is currently 67%. The remainder is held by three companies in Japan and overseas (the "Minority Shareholders").

While the shareholders' agreements restrict the Minority Shareholders from transferring their respective ownership

interests in companies of Westinghouse group to a third party until October 1, 2012, the Minority Shareholders have been given an option to sell all or part of their ownership interests to the Company ("Put Options"). However, since exercising the Put Options held by some of the Minority Shareholders requires consent from a third party, such Minority Shareholders are not able to exercise their Put Options at their own discretion.

The Group also has an option to purchase from the Minority Shareholders all or part of their respective ownership interest in companies of Westinghouse group under certain conditions. These options are in place for the purpose of protecting the interests of the Minority Shareholders, while preventing equity participation by a third party which may put the Group at disadvantage. The Company makes every effort to maintain a favorable relationship with the Minority Shareholders in connection with Westinghouse group's business. However in the event that the Minority Shareholders exercise their respective Put Options, or the Group exercises its purchase option, the Group will seek investment from a new strategic partner. Prior to such an investment, the Group may need to procure substantial funds in connection with the exercise of Put Options or purchase options.

10. Others

(1) Measures against counterfeit products

While the Group protects and seeks to enhance the value of the Toshiba brand, counterfeit products created by third parties are found worldwide. While the Group makes every effort to prevent counterfeit products, the heavy circulation of counterfeit products may dilute the value of the Toshiba brand, and the Group's net sales may be adversely affected.

(2) 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.

The Group also uses the intellectual property of third parties pursuant to licenses. It is possible that the Group may fail to receive the necessary third-party licenses for new technology or is unable to obtain the renewal of existing licenses or receives them on unfavorable terms.

In addition, it is also possible that a suit or such similar action or proceeding may be brought against the Group in respect of intellectual property rights or that the Group may itself have to file a suit in order to protect its intellectual property rights. Such lawsuits may require time, costs and other management resources, and depending on the outcome of these lawsuits, the Group may not be able to use important technology, or the Group may be found to be liable for damages.

(3) Political, economic and social conditions

The Group undertakes global business operations. Any changes in political, economic, and social conditions and policies, legal or regulatory changes and exchange rate fluctuations, in Japan or overseas, may impact market demand and the Group's business operations. The Group makes every effort to avoid these risks and to reduce any impact when such risks emerge by continuously monitoring changes in the situation in each region where the Group operates, including legal and regulatory changes, and by promptly initiating countermeasures.

(4) Sovereign Risk

In an environment marked by anxiety over the future financial condition of some of the European countries, concern over the financial system is increasing, the influence of which is not only the direct influence within Europe, but also the indirect influence on other regions, such as the deterioration in emerging economies due to fluctuation in exchange rates or withdrawal of funds by European banks or economic stagnation in the Chinese economy. If the financial condition of some countries should collapse, there is a possibility that the financial and capital markets and global economy will be significantly affected, and the Group, letting the financial crisis in 2008 be a lesson, has been advancing the measures therefor since last year, upon implementing the stress test and setting the trigger event.

(5) Natural disasters

Most of the Group's Japanese production facilities are located in the Keihin region of Japan, which includes Tokyo, Kawasaki City, Yokohama City and the surrounding area, while key semiconductor production facilities are located in Kyushu, Tokai, Hanshin and Tohoku. The Group is currently expanding its production facilities in Asia. As a result, any occurrence of a wide-scale disaster, terrorism or epidemic illness, such as a new type of flu, particularly in any of these areas could have a more significant adverse effect on the Group's results.

Additionally, large-scale disasters, such as earthquakes or typhoons, in regions where production or distribution sites are located may damage or destroy production capabilities, suspend procurement of raw materials or components, and cause transportation and sales interruptions or other similar disruptions, which could affect production capabilities significantly. In the past, the businesses of the Group were affected to a certain extent by the Great East Japan Earthquake and the floods in Thailand.

In order to manage these risks, the Group established the "Business Continuity Plan (BCP)" as part of its continuing effort to avoid or minimize any impact from such disasters in addition to establishing the precautionary measures, such as construction of earthquake-resistant buildings and emergency procedures responsive to large-scale disasters.

Consolidated Balance Sheets

Toshiba Corporation and Subsidiaries
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2012**	2011	**2012**
Current assets:			
Cash and cash equivalents	**¥ 214,305**	¥ 258,840	**$ 2,613,476**
Notes and accounts receivable, trade:			
Notes (Notes 7 and 11)	**43,800**	47,311	**534,146**
Accounts (Notes 7 and 11)	**1,283,485**	1,093,948	**15,652,256**
Allowance for doubtful notes and accounts	**(19,651)**	(17,079)	**(239,646)**
Inventories (Note 8)	**884,264**	864,382	**10,783,707**
Deferred tax assets (Note 18)	**146,825**	161,197	**1,790,549**
Other receivables	**202,649**	189,028	**2,471,329**
Prepaid expenses and other current assets (Note 21)	**245,740**	202,041	**2,996,829**
Total current assets	**3,001,417**	2,799,668	**36,602,646**
Long-term receivables and investments:			
Long-term receivables (Notes 7 and 11)	**49,164**	2,540	**599,561**
Investments in and advances to affiliates (Note 9)	**414,716**	416,431	**5,057,513**
Marketable securities and other investments (Note 6)	**237,519**	241,409	**2,896,573**
Total long-term receivables and investments	**701,399**	660,380	**8,553,647**
Property, plant and equipment (Notes 17 and 22):			
Land	**100,029**	99,834	**1,219,866**
Buildings	**940,935**	996,409	**11,474,817**
Machinery and equipment	**2,132,059**	2,330,565	**26,000,719**
Construction in progress	**79,006**	113,132	**963,488**
	3,252,029	3,539,940	**39,658,890**
Less-Accumulated depreciation	**(2,400,664)**	(2,639,735)	**(29,276,390)**
Total property, plant and equipment	**851,365**	900,205	**10,382,500**
Other assets:			
Goodwill and other intangible assets (Note 10)	**711,665**	559,246	**8,678,841**
Deferred tax assets (Note 18)	**376,817**	356,592	**4,595,329**
Other assets	**88,583**	103,228	**1,080,281**
Total other assets	**1,177,065**	1,019,066	**14,354,451**
Total assets	**¥ 5,731,246**	¥ 5,379,319	**$ 69,893,244**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Equity

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2010	¥ 439,901	¥ 447,733	¥ 375,376	¥ (464,250)	¥ (1,305)	¥ 797,455	¥ 330,167	¥ 1,127,622
Transfer to retained earnings from additional paid-in capital (Note 19)		(46,772)	46,772					
Change in ownership for noncontrolling interests and others		(1,406)				(1,406)	(8,841)	(10,247)
Dividend attributable to shareholders of the Company			(8,470)			(8,470)		(8,470)
Dividends attributable to noncontrolling interests							(8,278)	(8,278)
Comprehensive income (loss): Net income			137,845			137,845	8,801	146,646
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				(10,771)		(10,771)	1,714	(9,057)
Foreign currency translation adjustments				(43,641)		(43,641)	(13,408)	(57,049)
Pension liability adjustments (Note 13)				(5,333)		(5,333)	654	(4,679)
Net unrealized gains and losses on derivative instruments (Note 21)				2,599		2,599	688	3,287
Total comprehensive income (loss)						80,699	(1,551)	79,148
Purchase of treasury stock, net, at cost		(3)			(156)	(159)		(159)
Balance at March 31, 2011	439,901	399,552	551,523	(521,396)	(1,461)	868,119	311,497	1,179,616
Change in ownership for noncontrolling interests and others		**1,576**				**1,576**	**57,455**	**59,031**
Dividend attributable to shareholders of the Company			**(29,645)**			**(29,645)**		**(29,645)**
Dividends attributable to noncontrolling interests							**(7,629)**	**(7,629)**
Comprehensive income (loss): Net income			**73,705**			**73,705**	**12,441**	**86,146**
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				**(5,362)**		**(5,362)**	**38**	**(5,324)**
Foreign currency translation adjustments				**(11,018)**		**(11,018)**	**(337)**	**(11,355)**
Pension liability adjustments (Note 13)				**(29,667)**		**(29,667)**	**(3,952)**	**(33,619)**
Net unrealized gains and losses on derivative instruments (Note 21)				**(400)**		**(400)**	**(259)**	**(659)**
Total comprehensive income (loss)						**27,258**	**7,931**	**35,189**
Purchase of treasury stock, net, at cost		**(3)**			**(37)**	**(40)**		**(40)**
Balance at March 31, 2012	**¥ 439,901**	**¥ 401,125**	**¥ 595,583**	**¥ (567,843)**	**¥ (1,498)**	**¥ 867,268**	**¥ 369,254**	**¥1,236,522**

	Thousands of U.S. dollars (Note 3)							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2011	$ 5,364,647	$ 4,872,585	$ 6,725,890	$ (6,358,488)	$ (17,817)	$10,586,817	$ 3,798,744	$14,385,561
Change in ownership for noncontrolling interests and others		19,220				19,220	700,670	719,890
Dividend attributable to shareholders of the Company			(361,524)			(361,524)		(361,524)
Dividends attributable to noncontrolling interests							(93,036)	(93,036)
Comprehensive income (loss): Net income			898,841			898,841	151,720	1,050,561
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				(65,390)		(65,390)	463	(64,927)
Foreign currency translation adjustments				(134,366)		(134,366)	(4,109)	(138,475)
Pension liability adjustments (Note 13)				(361,793)		(361,793)	(48,195)	(409,988)
Net unrealized gains and losses on derivative instruments (Note 21)				(4,878)		(4,878)	(3,159)	(8,037)
Total comprehensive income (loss)						332,414	96,720	429,134
Purchase of treasury stock, net, at cost		(37)			(451)	(488)		(488)
Balance at March 31, 2012	$ 5,364,647	$ 4,891,768	$ 7,263,207	$ (6,924,915)	$ (18,268)	$10,576,439	$ 4,503,098	$15,079,537

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Cash flows from operating activities			
Net income before noncontrolling interests	**¥ 86,146**	¥ 146,646	**$ 1,050,561**
Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities–			
Depreciation and amortization	**246,970**	259,604	**3,011,829**
Provisions for pension and severance costs, less payments	**5,301**	8,611	**64,646**
Deferred income taxes	**18,095**	(22,771)	**220,671**
Equity in earnings of affiliates, net of dividends	**(13,926)**	(6,406)	**(169,829)**
(Gain) loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**(2,372)**	276	**(28,927)**
Loss from sales and impairment of securities and other investments, net	**2,322**	3,594	**28,317**
(Increase) decrease in notes and accounts receivable, trade	**(194,430)**	96	**(2,371,098)**
Increase in inventories	**(20,917)**	(100,945)	**(255,085)**
Increase in notes and accounts payable, trade	**120,594**	59,176	**1,470,658**
Increase (decrease) in accrued income and other taxes	**4,391**	(3,204)	**53,549**
Increase (decrease) in advance payments received	**104,893**	(22,363)	**1,279,183**
Other	**(22,070)**	51,770	**(269,146)**
Net cash provided by operating activities	**334,997**	374,084	**4,085,329**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**103,818**	58,391	**1,266,073**
Proceeds from sale of securities	**9,638**	5,427	**117,537**
Acquisition of property, plant and equipment	**(291,733)**	(229,229)	**(3,557,720)**
Acquisition of intangible assets	**(39,426)**	(30,851)	**(480,805)**
Purchase of securities	**(18,435)**	(6,201)	**(224,817)**
(Increase) decrease in investments in affiliates	**15,444**	(38,424)	**188,342**
Acquisition of Landis+Gyr AG	**(129,450)**	–	**(1,578,659)**
Other	**(27,083)**	26,187	**(330,280)**
Net cash used in investing activities	**(377,227)**	(214,700)	**(4,600,329)**
Cash flows from financing activities			
Proceeds from long-term debt	**370,911**	159,807	**4,523,305**
Repayment of long-term debt	**(206,325)**	(406,846)	**(2,516,159)**
Increase (decrease) in short-term borrowings, net	**(128,267)**	109,895	**(1,564,232)**
Dividends paid	**(37,007)**	(17,601)	**(451,305)**
Purchase of treasury stock, net	**(42)**	(159)	**(512)**
Other	**490**	188	**5,976**
Net cash used in financing activities	**(240)**	(154,716)	**(2,927)**
Effect of exchange rate changes on cash and cash equivalents	**(2,065)**	(13,277)	**(25,182)**
Net decrease in cash and cash equivalents	**(44,535)**	(8,609)	**(543,109)**
Cash and cash equivalents at beginning of year	**258,840**	267,449	**3,156,585**
Cash and cash equivalents at end of year	**¥ 214,305**	¥ 258,840	**$ 2,613,476**
Supplemental disclosure of cash flow information			
Cash paid during the year for–			
Interest	**¥ 31,759**	¥ 33,478	**$ 387,305**
Income taxes	**43,912**	61,342	**535,512**
Acquisition of Landis+Gyr AG (Note 28)–			
Assets acquired (net of cash and cash equivalents)	**231,284**	–	**2,820,537**
Liabilities assumed	**48,655**	–	**593,354**
Noncontrolling interests assumed	**53,179**	–	**648,524**
Sale of Toshiba Mobile Display Co., Ltd. stock (Note 16)–			
Assets transferred (net of cash and cash equivalents)	**189,664**	–	**2,312,976**
Liabilities relinquished	**222,201**	–	**2,709,768**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
March 31, 2012

1. DESCRIPTION OF BUSINESS

Toshiba Corporation ("the Company") and its subsidiaries (hereinafter collectively, "the Group") are engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which range (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances, and (5)Others. For the year ended March 31, 2012, sales of Social Infrastructure represented the most significant portion of the Group's total sales or approximately 37 percent. Digital Products, second to Social Infrastructure, represented approximately 25 percent, Electronic Devices approximately 24 percent and Home Appliances approximately 9 percent of the Group's total sales. For the year ended March 31, 2011, sales of Social Infrastructure represented the most significant portion of the Group's total sales or approximately 33 percent. Digital Products represented approximately 28 percent, Electronic Devices approximately 25 percent and Home Appliances approximately 9 percent of the Group's total sales. The Group's products are manufactured and marketed throughout the world with approximately 45 percent of its sales in Japan both for the years ended March 31, 2012 and 2011, respectively and the remainder in Asia, North America, Europe and other parts of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PREPARATION OF FINANCIAL STATEMENTS

The Company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States. These adjustments were not recorded in the statutory books of account.

BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Group is the primary beneficiary in accordance with the Accounting Standards Codification ("ASC") No.810 *"Consolidation"* ("ASC No.810"). All significant intra-entity transactions and accounts are eliminated in consolidation.

Investments in affiliates over which the Group has the ability to exercise significant influence are accounted for under the equity method of accounting. Net income (loss) attributable to shareholders of the Company includes its equity in the current net earnings (loss) of such companies after elimination of unrealized intra-entity gains. The proportionate share of the income or loss of some companies accounted for under the equity method is recognized from the most recent available financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The Group has identified significant areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are determination of impairment on long-lived tangible and intangible assets, goodwill and investments, recoverability of receivables,realization of deferred tax assets, uncertain tax positions, pension accounting assumptions, revenue recognition and other valuation allowances and reserves including contingencies for litigations. Actual results could differ from those estimates.

CASH EQUIVALENTS

All highly liquid investments with original maturities of 3 months or less at the date of purchase are considered to be cash equivalents.

FOREIGN CURRENCY TRANSLATION

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in a local currency environment are translated into Japanese yen at applicable current exchange rates at year end. Income and expense items are translated at average exchange rates prevailing during the year. The effects of these translation adjustments are included in accumulated other comprehensive income (loss) and reported as a component of equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in other income or other expense in the consolidated statements of income.

ALLOWANCE FOR DOUBTFUL RECEIVABLES

An allowance for doubtful trade receivables is recorded based on a combination of the write-off history, aging analysis and an evaluation of any specific known troubled accounts. When all collection efforts are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible and charged against the allowance.

MARKETABLE SECURITIES AND OTHER INVESTMENTS

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary impairments in carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Group's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value.When such a decline exists, the Group recognizes an impairment loss to the extent of such decline.

INVENTORIES

Raw materials, finished products and work in process for products are stated at the lower of cost or market, cost being determined principally by the average method. Finished products and work in process for contract items are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs.

In accordance with general industry practice, items with long manufacturing periods are included among inventories even when not realizable within one year.

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 the Company and domestic subsidiaries is computed generally by the 250% declining-balance method with estimated residual value recorded at a nominal value. Depreciation for property, plant and equipment for foreign subsidiaries is generally computed using the straight line method.

The estimated useful lives of buildings are 3 to 50 years, and those of machinery and equipment are 2 to 20 years. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered held and used until disposed of.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Goodwill is allocated among and tested for impairment at the reporting unit level. Intangible assets with finite useful lives, consisting primarily of core and current technology and software, are amortized using the straight-line method over their respective contractual periods or estimated useful lives.

ENVIRONMENTAL LIABILITIES

Liabilities for environmental remediation and other environmental costs are accrued when environmental assessments or remedial efforts are probable and the costs can be reasonably estimated, based on current law and existing technologies. Such liabilities are adjusted as further information develops or circumstances change. Costs of future obligations are not discounted to their present values.

INCOME TAXES

The provision for income taxes is computed based on the income (loss) from continuing operations, before income taxes and noncontrolling interests included in the consolidated statements of income. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws.The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change is enacted.Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Group recognizes the financial statement effects of tax positions when they are more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

ACCRUED PENSION AND SEVERANCE COSTS

The Company and certain subsidiaries have various retirement benefit plans covering substantially all employees. The unrecognized net obligation existing at initial application of ASC No.715 *"Compensation-Retirement Benefits"*, and prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial gains and losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of employees expected to receive benefits.

NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Basic net earnings (loss) per share attributable to shareholders of the Company ("EPS") are computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS assumes the dilution that could occur if stock acquisition rights were exercised to issue common stock, unless their inclusion would have an anti-dilutive effect.

REVENUE RECOGNITION

Revenue of mass-produced standard products, such as digital products and electronic devices, is recognized when there is persuasive evidence of an arrangement, the product has been delivered, the sales price is fixed or determinable, and collectibility is reasonably assured. Mass-produced standard products are considered delivered to customers once they have been shipped, and the title and risk of loss have transferred.

Revenue related to equipment that requires installation, such as social infrastructure business, is recognized when the installation of the equipment is completed, the equipment is accepted by the customer and other specific criteria of the equipment are demonstrated by the Group.

Revenue from services, such as maintenance service for plant and other systems, that are priced and sold separately from the equipment is recognized ratably over the contract term or as the services are provided.

Revenue on long-term contracts is recorded under the percentage of completion method. To measure the extent of progress toward completion, the Group generally compares the costs incurred to date to the estimated total costs to complete based upon the most recent available information. When estimates of the extent of progress toward completion and contract costs are reasonably dependable, revenue from the contract is recognized based on the percentage of completion. A provision for contract losses is recorded in its entirety when the loss first becomes evident.

Revenue from arrangements with multiple elements, which may include any combination of products, equipment, installment and maintenance, is allocated to each element based on its relative selling price if such element meets the criteria for treatment as a separate unit of accounting as prescribed in ASC No.605 *"Revenue Recognition"* ("ASC No.605"). Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting. The Company adopted Accounting Standards Updates ("ASU") No.2009-13 effective April 1, 2011, which amends ASC No.605. The adoption of ASU No.2009-13 does not have a material impact on the Company's financial position and results of operations.

Revenue from the development of custom software products is recognized when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collectibility is probable, and the software product has been delivered and accepted by the customer. The Company adopted ASU No.2009-14 effective April 1, 2011, which amends ASC No.985 *"Software"*. The adoption of ASU No.2009-14 does not have a material impact on the Company's financial position and results of operations.

SHIPPING AND HANDLING COSTS

The Group includes shipping and handling costs which totaled ¥73,688 million ($898,634 thousand) and ¥80,316 million for the years ended March 31, 2012 and 2011, respectively in selling, general and administrative expenses.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options for the purpose of currency exchange rate and interest rate risk management. Refer to Note 21 for descriptions of these financial instruments.

The Group recognizes all derivative financial instruments, such as forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options in the consolidated financial statements at fair value regardless of the purpose or intent for holding the derivative financial instruments. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in fair value of derivative financial instruments accounted for as cash flow hedges, to the extent they are effective as a hedge, are recorded in accumulated other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

SALES OF RECEIVABLES

The Group has transferred certain trade notes and accounts receivable under several securitization programs. When a transfer of financial assets is eligible to be accounted for as a sale under ASC No.860 *"Transfers and Servicing"* ("ASC No.860"), these securitization transactions are accounted for as a sale and the receivables sold under these facilities are excluded from the accompanying consolidated balance sheets.

ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations at fair value in the period incurred. The fair value of the liability is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the asset. The liability increases due to the passage of time based on the time value of money until the obligation is settled. Subsequent to the initial recognition, the liability is adjusted for any revisions to the expected amount of the retirement obligation, and for accretion of the liability due to the passage of time.

RECENT PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board ("FASB") issued ASU No.2011-05. ASU No.2011-05 amends ASC No.220 *"Comprehensive Income"*, and eliminates the option to present the other comprehensive income as part of the statement of changes in stakeholder's equity. Therefore, the Company is required to report comprehensive income in either a single continuous statement or two separate but consecutive statements. ASU No.2011-05 is effective for fiscal years beginning after December 15, 2011 and the Company will adopt ASU No.2011-05 effective April 1, 2012. The Company is currently examining both presentations mentioned above. The adoption of ASU No.2011-05 will not impact the Company's financial position and results of operations.

In September 2011, the FASB issued ASU No.2011-08. ASU No.2011-08 amends ASC No.350 "Intangibles-Goodwill and other" ("ASC No.350") and provides entities an option to perform a qualitative assessment to determine whether it is necessary to perform the two-step goodwill impairment test. ASU No.2011-08 is effective for fiscal years beginning after December 15, 2011. The Company is currently evaluating the impact of adoption of ASU No.2011-08 on the Company's consolidated financial statements.

SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to June 22, 2012 in accordance with ASC No.855 *"Subsequent Events"*.

RECLASSIFICATIONS

Certain reclassifications to the prior year's consolidated financial statements and related footnote amounts have been made to conform to the presentation for the current year.

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥82=U.S.$1, the approximate current rate of exchange at March 31, 2012, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. DISCONTINUED OPERATION

On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding (MOU) to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. The purpose of this business merger was to enhance their handset development capabilities and at the same time to improve business efficiency by combining their mobile phone development know-how and technological strengths, in the domestic and overseas mobile phone market in which competition is intensifying. On October 1, 2010, the Company transferred its mobile phone business to a newly established company (Fujitsu Toshiba Mobile Communications Limited), and sold 80.1% of the shares of the new company to Fujitsu. On April 1, 2012, the Company sold 19.9% of the shares of the new company to Fujitsu. All shares of the company have been transferred by this transaction.
In accordance with this contract, the Company ceased manufacturing and selling of the existing models of mobile phones during the second quarter of FY2011. However, the Company continues the maintenance service of products manufactured and supplied.

In accordance with ASC No.205-20 *"Presentation of Financial Statements-Discontinued Operations"* ("ASC No.205-20"), operating results relating to the mobile phone business are separately presented as discontinued operations in the consolidated statements of income.

Operating results relating to the mobile phone business, which are reclassified as discontinued operations, are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Sales and other income	¥ **21,636**	¥ 84,167	$ **263,854**
Costs and expenses	**23,955**	98,004	**292,134**
Loss from discontinued operations, before income taxes and noncontrolling interests	**(2,319)**	(13,837)	**(28,280)**
Income taxes	**(944)**	(5,631)	**(11,512)**
Loss from discontinued operations, before noncontrolling interests	**(1,375)**	(8,206)	**(16,768)**
Less:Net income from discontinued operations attributable to noncontrolling interests	**–**	–	**–**
Net loss from discontinued operations attributable to shareholders of the Company	**(1,375)**	(8,206)	**(16,768)**

Mobile Broadcasting Corporation("MBCO"), a consolidated subsidiary of the Company, ended all its broadcasting services by the end of March 2009, and is in the course of going through the procedures for dissolution. In accordance with ASC No.205-20, operating results relating to MBCO in consolidated statements of income are separately presented as discontinued operations. These amounts were not significant.

5. FAIR VALUE MEASUREMENTS

ASC No.820 *"Fair Value Measurements"* 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 at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels below;

Level 1 - Quoted prices for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar instruments in markets that are not active.
Inputs other than quoted prices that are observable.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 - Instruments whose significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities that are measured at fair value on a recurring basis at March 31, 2012 and 2011 are as follows:

	Millions of yen			
March 31, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 174,388	¥ 428	¥ –	¥ 174,816
Debt securities	–	–	3,067	3,067
Derivative assets:				
Forward exchange contracts	–	4,609	–	4,609
Total assets	¥ 174,388	¥ 5,037	¥ 3,067	¥ 182,492
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ –	¥ 5,908	¥ –	¥ 5,908
Interest rate swap agreements	–	1,663	–	1,663
Currency swap agreements	–	465	–	465
Total liabilities	¥ –	¥ 8,036	¥ –	¥ 8,036

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 201,138	¥ 673	¥ –	¥ 201,811
Debt securities	–	–	5	5
Derivative assets:				
Forward exchange contracts	–	6,325	–	6,325
Interest rate swap agreements	–	2	–	2
Currency swap agreements	–	1,716	–	1,716
Total assets	¥ 201,138	¥ 8,716	¥ 5	¥ 209,859
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ –	¥ 2,993	¥ –	¥ 2,993
Interest rate swap agreements	–	2,407	–	2,407
Currency swap agreements	–	1,241	–	1,241
Total liabilities	¥ –	¥ 6,641	¥ –	¥ 6,641

March 31, 2012	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	$ 2,126,683	$ 5,220	$ -	$ 2,131,903
Debt securities	-	-	37,402	37,402
Derivative assets:				
Forward exchange contracts	-	56,207	-	56,207
Total assets	$ 2,126,683	$ 61,427	$ 37,402	$ 2,225,512
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	$ -	$ 72,049	$ -	$ 72,049
Interest rate swap agreements	-	20,280	-	20,280
Currency swap agreements	-	5,671	-	5,671
Total liabilities	$ -	$ 98,000	$ -	$ 98,000

Marketable securities

Level 1 securities represent marketable equity securities listed in active markets, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 securities represent marketable equity securities listed in less active markets, which are valued based on quoted market prices for identical assets in inactive markets. Level 3 securities represent corporate debt securities and valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

Derivative instruments

Derivative instruments principally represent forward currency exchange contracts and interest rate swap agreements, which are classified within Level 2. They are valued based on inputs that can be corroborated with the observable inputs such as foreign currency exchange rate, LIBOR and others.

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2012 and 2011 are as follows:

Year ended March 31, 2012	Millions of yen
	Marketable securities
Balance at beginning of year	¥ 5
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	(143)
Purchases	3,205
Sales	-
Issuances	-
Settlements	-
Balance at end of year	¥ 3,067

Toshiba Corporation and Subsidiaries
March 31, 2012

Year ended March 31, 2011	Millions of yen Marketable securities	Subordinated retained interests	Total
Balance at beginning of year	¥ 2,393	¥ 5,942	¥ 8,335
Total gains or losses (realized or unrealized):			
Included in gains (losses):			
Other expense	(461)	–	(461)
Purchases	–	–	–
Sales	–	–	–
Issuances	–	–	–
Settlements	(1,927)	(5,942)	(7,869)
Balance at end of year	¥ 5	¥ –	¥ 5

Year ended March 31, 2012	Thousands of U.S. dollars Marketable securities
Balance at beginning of year	**$ 61**
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	**(1,744)**
Purchases	**39,085**
Sales	**–**
Issuances	**–**
Settlements	**–**
Balance at end of year	**$ 37,402**

At March 31, 2012, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities. At March 31, 2011, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities and subordinated retained interests.

Assets and liabilities measured at fair value on a non-recurring basis

Assets that are measured at fair value on a non-recurring basis at March 31, 2012 and 2011 are as follows:

	Millions of yen			
March 31, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Investments in affiliates	¥ **3,723**	¥ **–**	¥ **5,872**	¥ **9,595**
Total assets	¥ **3,723**	¥ **–**	¥ **5,872**	¥ **9,595**

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ –	¥ –	¥ 85	¥ 85
Investments in affiliates	–	–	9,379	9,379
Long-lived assets held for use	–	–	0	0
Total assets	¥ –	¥ –	¥ 9,464	¥ 9,464

	Thousands of U.S. dollars			
March 31, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Investments in affiliates	$ **45,402**	$ **–**	$ **71,610**	$ **117,012**
Total assets	$ **45,402**	$ **–**	$ **71,610**	$ **117,012**

Certain non-marketable equity securities accounted for under the cost method were written down to their fair value, resulting in other-than-temporary impairment. The impaired securities were classified within Level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

Certain equity method investments were written down to their fair value, resulting in other-than-temporary impairment. Some of the impaired investments were classified within Level 1 as they were valued based on quoted market prices in active markets.

Previous equity interests of newly controlled subsidiaries in step acquisitions and retained investment in the former subsidiary were remeasured to their fair value, which were classified within Level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

The impaired long-lived assets were classified within Level 3 as they were valued based on discounted cash flows expected to be generated by the related assets and on the transfer price of stocks with unobservable inputs.

As a result, the net impacts for the years ended March 31, 2012 and 2011 were ¥6,542 million ($79,780 thousand) loss and ¥15,969 million loss, respectively.

6. 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 March 31, 2012 and 2011 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2012:				
Equity securities	¥ 76,682	¥ 99,957	¥ 1,823	¥ 174,816
Debt securities	3,210	0	143	3,067
	¥ 79,892	¥ 99,957	¥ 1,966	¥ 177,883
March 31, 2011:				
Equity securities	¥ 91,790	¥ 113,388	¥ 3,367	¥ 201,811
Debt securities	5	0	0	5
	¥ 91,795	¥ 113,388	¥ 3,367	¥ 201,816

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2012:				
Equity securities	$ 935,147	$ 1,218,988	$ 22,232	$ 2,131,903
Debt securities	39,146	0	1,744	37,402
	$ 974,293	$ 1,218,988	$ 23,976	$ 2,169,305

At March 31, 2012 and 2011, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2012:	Cost	Fair value	Cost	Fair value
Due within one year	¥ 0	¥ 0	$ 0	$ 0
Due after one year within five years	3,210	3,067	39,146	37,402
	¥ 3,210	¥ 3,067	$ 39,146	$ 37,402

The proceeds from sales of available-for-sale securities for the years ended March 31, 2012 and 2011 were ¥9,297 million ($113,378 thousand) and ¥4,751 million, respectively. The gross realized gains on those sales for the years ended March 31, 2012 and 2011 were ¥3,425 million ($41,768 thousand) and ¥1,810 million, respectively. The gross realized losses on those sales for the years ended March 31, 2012 and 2011 were ¥132 million ($1,610 thousand) and ¥19 million, respectively.

At March 31, 2012, the cost and fair value of available-for-sale securities in an unrealized loss position over 12 consecutive months were not significant.

Aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥52,780 million ($643,659 thousand) and ¥39,323 million at March 31, 2012 and 2011, respectively. At March 31, 2012 and 2011, investments with an aggregate cost of ¥49,550 million ($604,268 thousand) and ¥39,237 million were not evaluated for impairment because (a)the Group did not estimate the fair values of those investments as it was not practicable to estimate the fair values of those investments and (b)the Group did not identify any events or changes in circumstances that might have had significant adverse effects on the fair values of those investments.

Included in other expense are charges of ¥7,411 million ($90,378 thousand) and ¥6,505 million related to other-than-temporary impairments in the marketable and non-marketable equity securities for the years ended March 31, 2012 and 2011, respectively.

7. SECURITIZATIONS

The Group has transferred certain trade notes and accounts receivable under several securitization programs. These securitization transactions are accounted for as a sale in accordance with ASC No.860, because the Group has relinquished control of the receivables. Accordingly, the receivables transferred under these facilities are excluded from the accompanying consolidated balance sheets.

The Group recognized losses of ¥673 million ($8,207 thousand) and ¥1,043 million on the transfers of receivables for the years ended March 31, 2012 and 2011, respectively.

Subsequent to transfers, the Group retains collection and administrative responsibilities for the receivables. Servicing fees received by the Group approximate the prevailing market rate. Related servicing assets or liabilities are immaterial to the Group's financial position.

The table below summarizes certain cash flows received from and paid to special purpose entities ("SPEs") on the above securitization transactions.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Proceeds from new securitizations	**¥ 370,431**	¥ 462,295	**$ 4,517,451**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				Year ended March 31	
	2012	2011	**2012**	2011	**2012**	2011
Accounts receivable	**¥ 1,405,469**	¥ 1,189,602	**¥ 44,839**	¥ 30,975	**¥ 2,013**	¥ 2,226
Notes receivable	**92,134**	98,482	**13**	19	**189**	348
Total managed portfolio	**1,497,603**	1,288,084	**¥ 44,852**	¥ 30,994	**¥ 2,202**	¥ 2,574
Securitized receivables	**(121,154)**	(144,285)				
Total receivables	**¥ 1,376,449**	¥ 1,143,799				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2012		Year ended March 31, 2012
Accounts receivable	**$ 17,139,866**	**$ 546,817**	**$ 24,549**
Notes receivable	**1,123,585**	**159**	**2,305**
Total managed portfolio	**18,263,451**	**$ 546,976**	**$ 26,854**
Securitized receivables	**(1,477,488)**		
Total receivables	**$ 16,785,963**		

8. INVENTORIES

Inventories at March 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Finished products	**¥ 299,344**	¥ 338,754	**$ 3,650,537**
Work in process:			
Long-term contracts	**96,003**	92,285	**1,170,768**
Other	**315,218**	269,439	**3,844,122**
Raw materials	**173,699**	163,904	**2,118,280**
	¥ 884,264	¥ 864,382	**$ 10,783,707**

9. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Group's significant investments in affiliated companies accounted for by the equity method together with the percentage of the Group's ownership of voting shares at March 31, 2012 were: NREG Toshiba Building Co., Ltd. (35.0%); Topcon Corporation (35.5%); Toshiba Machine Co., Ltd. (22.1%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); and Semp Toshiba Amazonas S.A. (40.0%). As disclosed in Note 28, on February 1, 2012, the Company increased its ownership in Toshiba Finance Corporation ("TFC"), and consequently acquired the controlling financial interest of TFC

Of the affiliates which were accounted for by the equity method, the investments in common stock of the listed companies (5 companies) were carried at ¥37,046 million ($451,780 thousand) and ¥35,443 million at March 31, 2012 and 2011, respectively. The Group's investments in these companies had market values of ¥61,886 million ($754,707 thousand) and ¥42,525 million at March 31, 2012 and 2011, respectively, based on quoted market prices at those dates.

Summarized financial information of the affiliates accounted for by the equity method is shown below:

	Millions of yen		Thousands of U.S. dollars
March 31	2012	2011	2012
Current assets	¥ 1,099,093	¥ 1,439,938	$ 13,403,573
Other assets including property, plant and equipment	979,734	1,225,127	11,947,976
Total assets	¥ 2,078,827	¥ 2,665,065	$ 25,351,549
Current liabilities	¥ 835,997	¥ 1,264,533	$ 10,195,085
Long-term liabilities	499,185	662,619	6,087,622
Equity	743,645	737,913	9,068,842
Total liabilities and equity	¥ 2,078,827	¥ 2,665,065	$ 25,351,549

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2012	2011	2012
Sales	¥ 1,933,680	¥ 2,037,365	$ 23,581,463
Net income	62,953	62,318	767,720

A summary of transactions and balances with the affiliates accounted for by the equity method is presented below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2012	2011	2012
Sales	¥ 167,832	¥ 163,185	$ 2,046,732
Purchases	155,522	135,500	1,896,610
Dividends	3,391	11,341	41,354

	Millions of yen		Thousands of U.S. dollars
March 31	2012	2011	2012
Notes and accounts receivable, trade	¥ 44,045	¥ 47,533	$ 537,134
Other receivables	15,877	11,644	193,622
Long-term loans receivable	121,877	131,275	1,486,305
Notes and accounts payable, trade	17,023	89,315	207,598
Other payables	12,943	31,179	157,841
Capital lease obligations	–	25,714	–

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No.350, applying a fair value based test and has concluded that there was no impairment for the years ended March 31, 2012 and 2011.

The components of acquired intangible assets excluding goodwill at March 31, 2012 and 2011 are as follows:

	Millions of yen		
March 31, 2012	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 189,116	¥ 118,719	¥ 70,397
Technical license fees	62,046	44,547	17,499
Core and current technology	116,479	28,744	87,735
Other	83,445	30,047	53,398
Total	¥ 451,086	¥ 222,057	¥ 229,029
Other intangible assets not subject to amortization:			
Brand name			37,450
Other			2,425
Total			39,875
			¥ 268,904

	Millions of yen		
March 31, 2011	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 194,656	¥ 127,164	¥ 67,492
Technical license fees	62,439	39,590	22,849
Core and current technology	122,211	27,801	94,410
Other	90,050	35,733	54,317
Total	¥ 469,356	¥ 230,288	¥ 239,068
Other intangible assets not subject to amortization:			
Brand name			34,047
Other			2,678
Total			36,725
			¥ 275,793

	Thousands of U.S. dollars		
March 31, 2012	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	$ 2,306,293	$ 1,447,793	$ 858,500
Technical license fees	756,659	543,256	213,403
Core and current technology	1,420,475	350,536	1,069,939
Other	1,017,622	366,427	651,195
Total	$ 5,501,049	$ 2,708,012	$ 2,793,037
Other intangible assets not subject to amortization:			
Brand name			456,707
Other			29,573
Total			486,280
			$ 3,279,317

Other intangible assets acquired during the year ended March 31, 2012 primarily consisted of software of ¥24,536 million ($299,220 thousand). The weighted-average amortization period of software for the year ended March 31, 2012 was approximately 5.1 years.

The weighted-average amortization periods for other intangible assets were approximately 11.0 years and 11.3 years for the years ended March 31, 2012 and 2011, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2012 and 2011 are ¥45,069 million ($549,622 thousand) and ¥49,518 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheets at March 31, 2012 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 43,999	$ 536,573
2014	36,572	446,000
2015	26,055	317,744
2016	18,152	221,366
2017	12,440	151,707

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Balance at beginning of year	**¥ 283,453**	¥ 305,398	**$ 3,456,744**
Goodwill acquired during the year	**162,182**	2,653	**1,977,829**
Other	**(2,874)**	(24,598)	**(35,049)**
Balance at end of year	**¥ 442,761**	¥ 283,453	**$ 5,399,524**

Other includes foreign currency translation adjustments and purchase price allocation adjustments.

As of March 31, 2012 and 2011, goodwill allocated within Social Infrastructure is ¥414,680million ($5,057,073 thousand) and ¥255,459 million, respectively. The rest was mainly allocated within Digital Products.
The Company is in the process of allocating the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805 *"Business Combinations"* ("ASC No.805") but the process has not been finalized. The provisional amounts as of March 31, 2012 will be generally adjusted by increasing or decreasing goodwill when the purchase price allocation is finalized.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Loans and overdrafts, principally from banks, with weighted-average interest rate of 1.04% at March 31, 2012, and 1.99% at March 31, 2011:			
Secured	**¥ 22,646**	¥ –	**$ 276,171**
Unsecured	**96,869**	25,348	**1,181,329**
Commercial paper with weighted-average interest rate of 0.19% at March 31, 2011	**–**	127,000	**–**
	¥ 119,515	¥ 152,348	**$ 1,457,500**

Substantially all of the short-term borrowings are with banks which have written basic agreements with the Group to the effect that, with respect to all present or future loans with such banks, the Group shall provide collateral (including sums on deposit with such banks) or guaranties immediately upon the bank's request, and that any collateral furnished pursuant to such agreements or otherwise shall be applicable to all indebtedness to such banks.

At March 31, 2012, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥331,120 million ($4,038,049 thousand). The lines of credit expire on various dates from April 2012 through March 2013. Under the agreements, the Group is required to pay commitment fees ranging from 0.030 percent to 0.220 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Loans, principally from banks,			
due 2012 to 2028 with weighted-average interest rate			
of 0.90% at March 31, 2012, and due 2011 to 2029 with			
weighted-average interest rate of 1.52% at March 31, 2011:			
Secured	¥ **19,206**	¥ –	$ **234,219**
Unsecured	**572,840**	293,885	**6,985,854**
Unsecured yen bonds, due 2013 to 2020 with interest rate			
ranging from 0.89% to 2.20% at March 31, 2012 and 2011	**310,000**	310,000	**3,780,488**
Interest deferrable and early redeemable subordinated bonds:			
Due 2069 with interest rate of 7.50% at March 31, 2012 and 2011	**180,000**	180,000	**2,195,122**
Zero Coupon Convertible Bonds with stock acquisition rights:			
Due 2011 convertible at ¥542 per share at March 31, 2011	**–**	95,010	**–**
Euro yen medium-term notes of subsidiaries, due 2011			
with interest rate of 1.31% at March 31, 2011	**–**	502	**–**
Capital lease obligations	**34,200**	49,561	**417,073**
	1,116,246	928,958	**13,612,756**
Less-Portion due within one year	**(206,626)**	(159,414)	**(2,519,829)**
	¥ **909,620**	¥ 769,544	**$ 11,092,927**

Substantially all of the unsecured loan agreements permit the lenders to require collateral or guaranties for such loans.

The carrying amount of corresponding notes and accounts receivable, trade and long-term receivables which were accounted for as secured borrowings under ASC No.860 at March 31, 2012 was ¥52,689 million ($642,549 thousand).

The aggregate annual maturities of long-term debt, as of March 31, 2012, excluding those of capital lease obligations, are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 196,356	$ 2,394,585
2014	201,248	2,454,244
2015	50,368	614,244
2016	193,566	2,360,561
2017	98,548	1,201,805
Thereafter	341,960	4,170,244
	¥ 1,082,046	$ 13,195,683

12. ISSUANCE OF CONVERTIBLE BOND

In July, 2004, the Company issued ¥100,000 million Zero Coupon Convertible Bonds due 2011 (the"2011 Bonds").

The bonds include stock acquisition rights which entitle bondholders to acquire common stock under certain circumstances, and are exercisable on and after August 4, 2004 up to, and including, July 7, 2011.

The exercisable period of the stock acquisition rights ended, and the principal amount of the 2011 Bonds was redeemed at maturity.

(The 2011 Bonds' conditions allowing exercise of stock acquisition rights)

The period prior to (but not including) July 21, 2010	In the case that as of the last trading day of any calendar quarter, the closing price of the shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the conversion price in effect on each such trading day.
The period on or after July 21, 2010	At any time after the closing price of the shares on at least one trading day is more than 120% of the conversion price in effect on each such trading day.

The 2011 Bonds were not converted into shares of common stock for the years ended March 31, 2012 and 2011.

The additional 175,295,212 shares relating to the potential conversion of the 2011 Bonds are included in the calculation of the diluted net income per share attributable to shareholders of the Company for the years ended March 31, 2012 and 2011.

13. ACCRUED PENSION AND SEVERANCE COSTS

All employees who retire or are terminated are usually entitled to lump-sum severance indemnities or pension benefits determined by reference to service credits allocated to employees each year according to the regulation of retirement benefit, length of service and conditions under which their employment terminates. The obligation for the severance indemnity benefit is provided for through accruals and funding of the defined benefit corporate pension plan.

The Company and certain subsidiaries in Japan have amended their pension plan under the agreement between employees and managements in January 2011, and introduced Cash Balance Plan from April 2011. This plan is designed that each plan participant has a notional account, which is accumulated based on salary standards, interest rates in financial markets and others.

The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

The changes in the benefit obligation and plan assets for the years ended March 31, 2012 and 2011 and the funded status at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥ 1,524,466**	¥ 1,523,910	**$ 18,591,049**
Service cost	**52,940**	52,120	**645,610**
Interest cost	**38,265**	38,687	**466,646**
Plan participants' contributions	**4,390**	4,114	**53,536**
Plan amendments	**649**	(18,951)	**7,915**
Actuarial loss	**77,645**	28,533	**946,890**
Benefits paid	**(79,617)**	(83,185)	**(970,939)**
Acquisitions and divestitures	**(10,570)**	(10,638)	**(128,902)**
Foreign currency exchange impact	**(1,359)**	(10,124)	**(16,573)**
Benefit obligation at end of year	**¥ 1,606,809**	¥ 1,524,466	**$ 19,595,232**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 790,399**	¥ 800,883	**$ 9,639,012**
Actual return on plan assets	**12,207**	(7,926)	**148,866**
Employer contributions	**72,769**	52,207	**887,427**
Plan participants' contributions	**4,390**	4,114	**53,536**
Benefits paid	**(53,405)**	(51,773)	**(651,280)**
Acquisitions and divestitures	**3,234**	93	**39,439**
Foreign currency exchange impact	**(958)**	(7,199)	**(11,683)**
Fair value of plan assets at end of year	**¥ 828,636**	¥ 790,399	**$ 10,105,317**
Funded status	**¥ (778,173)**	¥ (734,067)	**$ (9,489,915)**

Amounts recognized in the consolidated balance sheets at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Other assets	**¥ 1,175**	¥ 870	**$ 14,329**
Other current liabilities	**(768)**	(628)	**(9,366)**
Accrued pension and severance costs	**(778,580)**	(734,309)	**(9,494,878)**
	¥ (778,173)	¥ (734,067)	**$ (9,489,915)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Unrecognized actuarial loss	**¥ 632,236**	¥ 587,066	**$ 7,710,195**
Unrecognized prior service cost	**(36,318)**	(40,922)	**(442,902)**
	¥ 595,918	¥ 546,144	**$ 7,267,293**

The accumulated benefit obligation at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Accumulated benefit obligation	**¥ 1,511,834**	¥ 1,436,210	**$ 18,437,000**

The components of the net periodic pension and severance cost for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Service cost	**¥ 52,940**	¥ 52,120	**$ 645,610**
Interest cost on projected benefit obligation	**38,265**	38,687	**466,646**
Expected return on plan assets	**(22,540)**	(28,748)	**(274,878)**
Amortization of prior service cost	**(3,550)**	(2,829)	**(43,293)**
Recognized actuarial loss	**34,125**	30,944	**416,159**
Settlement loss	**69**	8	**841**
Net periodic pension and severance cost	**¥ 99,309**	¥ 90,182	**$ 1,211,085**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Current year actuarial loss	**¥ 87,978**	¥ 65,207	**$ 1,072,902**
Recognized actuarial loss	**(34,125)**	(30,944)	**(416,159)**
Prior service cost due to plan amendments	**649**	(18,959)	**7,915**
Amortization of prior service cost	**3,550**	2,829	**43,293**
	¥ 58,052	¥ 18,133	**$ 707,951**

The estimated prior service cost and actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic pension and severance cost over the next year are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2013	2013
Prior service cost	¥ (4,077)	$ (49,720)
Actuarial loss	37,465	456,890

For the year ended March 31, 2012, the Company contributed certain marketable equity securities to employee retirement benefit trusts, with no cash proceeds thereon. The fair value of these securities at the time of contribution was ¥14,800 million ($180,488 thousand). The Group expects to contribute ¥65,125 million ($794,207 thousand) to its defined benefit plans, included Cash Balance Plan, in the year ending March 31, 2013.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 90,236	$ 1,100,439
2014	86,682	1,057,098
2015	91,691	1,118,183
2016	96,346	1,174,951
2017	94,535	1,152,866
2018 - 2022	508,733	6,204,061

Weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and 2011 and net periodic pension and severance cost for the years then ended are as follows:

March 31	**2012**	2011
Discount rate	**2.2%**	2.6%
Rate of compensation increase	**3.3%**	3.2%

Year ended March 31	**2012**	2011
Discount rate	**2.6%**	2.7%
Expected long-term rate of return on plan assets	**2.9%**	3.6%
Rate of compensation increase	**3.2%**	3.1%

The Group determines the expected long-term rate of return in consideration of the target allocation of the plan assets, the current expectation of long-term returns on the assets and actual returns on plan assets.

The Group's investment policies and strategies are to assure adequate plan assets to provide for future payments of pension and severance benefits to participants, with reasonable risks. The Group designs the basic target allocation of the plan assets to mirror the best portfolio based on estimation of mid-term and long-term return on the investments. The Group periodically reviews the actual return on the investments and adjusts the portfolio to achieve the assumed long-term rate of return on the investments. The Group targets its investments in equity securities at 25 percent or more of total investments, and investments in equity securities, debt securities and life insurance company general accounts at 70 percent or more of total investments.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Group has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds, municipal bonds and corporate bonds. Prior to investing, the Group has investigated the quality of the issue, including rating, interest rate, and repayment dates and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity securities and debt securities described above. Hedge funds are selected following a variety of strategies and fund managers, and the Group has appropriately diversified the investments. Real estate is selected for the eligibility of investment and expected return and other relevant factors, and the Group has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest and return of capital.

Toshiba Corporation and Subsidiaries
March 31, 2012

The three levels of input used to measure fair value are more fully described in Note 5. The plan assets that are measured at fair value at March 31, 2012 and 2011 by asset category are as follows:

	Millions of yen			
March 31, 2012	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 34,585	¥ –	¥ –	¥ 34,585
Equity securities:				
Japanese companies	98,526	–	–	98,526
Foreign companies	44,859	–	–	44,859
Pooled funds	22,760	185,019	–	207,779
Debt securities:				
Government bonds	84,430	–	–	84,430
Municipal bonds	–	224	–	224
Corporate bonds	–	25,926	–	25,926
Pooled funds	16,933	140,644	4,137	161,714
Other assets:				
Hedge funds	–	–	97,117	97,117
Real estate	–	–	24,857	24,857
Life insurance company general accounts	–	44,511	–	44,511
Other assets	–	4,108	–	4,108
Total	¥ 302,093	¥ 400,432	¥ 126,111	¥ 828,636

	Thousands of U.S. dollars			
March 31, 2012	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 421,768	$ –	$ –	$ 421,768
Equity securities:				
Japanese companies	1,201,537	–	–	1,201,537
Foreign companies	547,061	–	–	547,061
Pooled funds	277,561	2,256,329	–	2,533,890
Debt securities:				
Government bonds	1,029,634	–	–	1,029,634
Municipal bonds	–	2,732	–	2,732
Corporate bonds	–	316,171	–	316,171
Pooled funds	206,500	1,715,171	50,451	1,972,122
Other assets:				
Hedge funds	–	–	1,184,354	1,184,354
Real estate	–	–	303,134	303,134
Life insurance company general accounts	–	542,817	–	542,817
Other assets	–	50,097	–	50,097
Total	$ 3,684,061	$ 4,883,317	$ 1,537,939	$ 10,105,317

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 40% Japanese companies and 60% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 20% Japanese government bonds, 35% foreign government bonds, 45% municipal bonds and corporate bonds.

March 31, 2011	Millions of yen			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 23,711	¥ –	¥ –	¥ 23,711
Equity securities:				
Japanese companies	93,142	–	–	93,142
Foreign companies	27,674	–	–	27,674
Pooled funds	29,457	231,664	–	261,121
Debt securities:				
Government bonds	75,670	–	–	75,670
Municipal bonds	–	959	–	959
Corporate bonds	–	24,680	–	24,680
Pooled funds	11,737	129,040	–	140,777
Other assets:				
Hedge funds	–	–	96,724	96,724
Real estate	–	–	17,311	17,311
Life insurance company general accounts	–	23,905	–	23,905
Other assets	–	4,725	–	4,725
Total	¥ 261,391	¥ 414,973	¥ 114,035	¥ 790,399

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 40% Japanese companies and 60% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% Japanese government bonds, 45% foreign government bonds, 30% municipal bonds and corporate bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets, and does not necessarily indicate the risks or ratings of the assets.

Level 1 plan assets represent marketable equity securities, pooled funds and government bonds, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 plan assets represent pooled funds that invest in equity securities and debt securities, corporate bonds and life insurance company general accounts. Pooled funds, which are classified as Level 2 asset, are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued based on quoted market prices for identical assets in inactive markets. Life insurance company general accounts are valued based on contracts. Level 3 plan assets represent pooled funds that invest in debt securities, hedge funds and real estate, which are valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

An analysis of the changes in Level 3 plan assets measured at fair value for the year ended March 31, 2012 and 2011 are as follows:

	Millions of yen			
Year ended March 31, 2012	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	¥ –	¥ 96,724	¥ 17,311	¥ 114,035
Actual return:				
Relating to assets sold	–	149	107	256
Relating to assets still held	180	211	(518)	(127)
Purchases, issuances and settlements	3,957	33	7,957	11,947
Balance at end of year	¥ 4,137	¥ 97,117	¥ 24,857	¥ 126,111

	Millions of yen		
Year ended March 31, 2011	Hedge funds	Real estate	Total
Balance at beginning of year	¥ 91,530	¥ 22,871	¥ 114,401
Actual return:			
Relating to assets sold	51	(1,810)	(1,759)
Relating to assets still held	5,944	(703)	5,241
Purchases, issuances and settlements	(801)	(3,047)	(3,848)
Balance at end of year	¥ 96,724	¥ 17,311	¥ 114,035

	Thousands of U.S. dollars			
Year ended March 31, 2012	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	$ –	$ 1,179,561	$ 211,110	$ 1,390,671
Actual return:				
Relating to assets sold	–	1,817	1,305	3,122
Relating to assets still held	2,195	2,573	(6,317)	(1,549)
Purchases, issuances and settlements	48,256	403	97,036	145,695
Balance at end of year	$ 50,451	$ 1,184,354	$ 303,134	$ 1,537,939

Certain of the Company's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits were not material for the years ended March 31, 2012 and 2011.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥319,863 million ($3,900,768 thousand) and ¥319,693 million for the years ended March 31, 2012 and 2011, respectively.

15. ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs amounted to ¥33,748 million ($411,561 thousand) and ¥32,299 million for the years ended March 31, 2012 and 2011, respectively.

16. OTHER INCOME AND OTHER EXPENSE

FOREIGN EXCHANGE LOSSES

For the years ended March 31, 2012 and 2011, the net foreign exchange losses were ¥15,915 million ($194,085 thousand) and ¥3,113 million, respectively.

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2012 and 2011, the sale and disposal of fixed assets resulted in net gains of ¥3,445 million ($42,012 thousand) and ¥19,001 million, respectively. Gains on sales of fixed assets were ¥24,275 million ($296,037 thousand), and losses on disposal of fixed assets were ¥20,830 million ($254,024 thousand) for the year ended March 31, 2012. Gains on sales of fixed assets were ¥33,098 million, and losses on disposal of fixed assets were ¥14,097 million for the year ended March 31, 2011.

GAINS AND LOSSES ON SALES OF THE SHARES OF TOSHIBA MOBILE DISPLAY CO., LTD.

In November 2011, the Company, Innovation Network Corporation of Japan ("INCJ"), Hitachi, Ltd. and Sony Corporation signed definitive agreements to integrate their small- and medium-sized display businesses. The Company, INCJ and a new company (currently called Japan Display Inc. ("JDI")) also signed agreements to transfer all of the issued shares of Toshiba Mobile Display Co., Ltd. ("TMD") to JDI. In March 2012, the Company sold all of the issued shares of TMD to JDI and acquired 10% of the shares of JDI. Gains and losses on these transactions were not significant.

17. IMPAIRMENT OF LONG-LIVED ASSETS

The amount of impairment losses was not significant for the year ended March 31, 2012. Due to general price erosion and severe market competition, the Group recorded impairment loss of ¥19,023 million related primarily to the manufacturing facilities of the System LSI for the year ended March 31, 2011. The impairment loss is included in cost of sales in the accompanying consolidated statements of income, and is related to Electronic Devices.

18. INCOME TAXES

The Group is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 40.7 percent for the years ended March 31, 2012 and 2011.

Amendments to the Japanese tax regulations were enacted into law on November 30, 2011. As a result of these amendments, the effective statutory tax rate used to calculate deferred tax assets and liabilities was changed from existing 40.7 percent to 38.0 percent for temporary difference expected to be eliminated during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and 35.6 percent for temporary difference expected to be eliminated in and after the fiscal year beginning on April 1, 2015. The effect of a re-evaluation of deferred tax assets and liabilities for this change in the tax rate was reflected in income taxes in the consolidated statement of income for the year ended March 31, 2012.

A reconciliation table between the reported income tax expense and the amount computed by multiplying the income from continuing operations, before income taxes and noncontrolling interests by the applicable statutory tax rate is as follows:

Year ended March 31	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Expected income tax expense	¥ **62,029**	¥ 79,588	$ **756,451**
Increase (decrease) in taxes resulting from:			
Tax credits	**(1,009)**	(1,765)	**(12,305)**
Non-deductible expenses for tax purposes	**2,650**	3,271	**32,317**
Net changes in valuation allowance	**(26,315)**	(6,984)	**(320,915)**
Net decrease in deferred tax assets by enacted changes in tax laws and rates	**36,508**	–	**445,220**
The difference between the current effective statutory tax rate and the future effective statutory tax rate	**9,148**	–	**111,561**
Tax rate difference relating to foreign subsidiaries	**(12,126)**	(11,624)	**(147,878)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	**(6,425)**	(20,267)	**(78,354)**
Other	**504**	(1,499)	**6,147**
Income tax expense	¥ **64,964**	¥ 40,720	$ **792,244**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2012 and 2011 are as follows:

March 31	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Gross deferred tax assets:			
Inventories	¥ **19,176**	¥ 20,297	$ **233,854**
Accrued pension and severance costs	**123,382**	119,503	**1,504,658**
Tax loss carryforwards	**244,691**	262,127	**2,984,037**
Pension liability adjustment	**203,581**	215,914	**2,482,695**
Accrued expenses	**81,789**	105,932	**997,427**
Depreciation and amortization	**34,395**	46,023	**419,451**
Other	**124,072**	128,940	**1,513,073**
	831,086	898,736	**10,135,195**
Valuation allowance for deferred tax assets	**(197,569)**	(269,639)	**(2,409,378)**
Deferred tax assets	¥ **633,517**	¥ 629,097	$ **7,725,817**
Gross deferred tax liabilities:			
Inventories	¥ **(4,570)**	¥ (4,236)	$ **(55,732)**
Property, plant and equipment	**(15,987)**	(10,125)	**(194,963)**
Unrealized gains on securities	**(31,593)**	(37,698)	**(385,280)**
Gain on securities contributed to employee retirement benefit trusts	**(19,269)**	(17,381)	**(234,988)**
Undistributed earnings of foreign subsidiaries and affiliates	**(32,870)**	(38,043)	**(400,854)**
Goodwill and other intangible assets	**(58,553)**	(60,767)	**(714,061)**
Other	**(18,931)**	(18,573)	**(230,866)**
Deferred tax liabilities	**(181,773)**	(186,823)	**(2,216,744)**
Net deferred tax assets	¥ **451,744**	¥ 442,274	$ **5,509,073**

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2012 and 2011 were ¥71,898 million ($876,805 thousand) and ¥75,515 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2012 and 2011 were a decrease of ¥72,070 million ($878,902 thousand) and ¥14,588 million, respectively.

The amounts of adjustments of the beginning-of-the-year balance of the valuation allowance because of a change in judgment about the realizability of the related deferred tax assets in future years for the year ended March 31, 2012 were ¥36,041 million ($439,524 thousand). The amounts of adjustments for the year ended March 31, 2011 were ¥11,389 million.

The Group's tax loss carryforwards for the corporate and local taxes at March 31, 2012 amounted to ¥600,800 million ($7,326,829 thousand) and ¥742,052 million ($9,049,415 thousand), respectively, the majority of which will expire during the period from the year ending March 2013 through 2021. The Group utilized tax loss carryforwards of ¥126,432 million ($1,541,854 thousand) and ¥119,953 million to reduce current corporate taxes and of ¥120,232 million ($1,466,244 thousand) and ¥68,530 million to reduce current local taxes during the years ended March 31, 2012 and 2011, respectively.

Realization of tax loss carryforwards and other deferred tax assets is dependent on the Group generating sufficient taxable income prior to their expiration or the Group exercising certain available tax strategies. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, less the valuation allowance, will be realized. The amount of such net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

A reconciliation table of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Balance at beginning of year	**¥ 3,473**	¥ 4,493	**$ 42,354**
Additions for tax positions of the current year	**737**	598	**8,988**
Additions for tax positions of prior years	**225**	683	**2,744**
Reductions for tax positions of the current year	**(14)**	–	**(171)**
Reductions for tax positions of prior years	**(431)**	(72)	**(5,256)**
Lapse of statute of limitations or closed audits	**(1,627)**	(1,772)	**(19,841)**
Additions from acquisitions	**2,375**	–	**28,963**
Foreign currency translation adjustments	**(65)**	(457)	**(793)**
Balance at end of year	**¥ 4,673**	¥ 3,473	**$ 56,988**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥1,715 million ($20,915 thousand) and ¥2,274 million at March 31, 2012 and 2011, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2012 and 2011, and interest and penalties included in income taxes for the years ended March 31, 2012 and 2011 are not material.

The Group believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Group is aware at March 31, 2012, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Group files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Group is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2008 with few exceptions. In other major foreign tax jurisdictions, the Group is no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2006 with few exceptions.

19. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 10,000,000,000. The total number of shares issued for the years ended March 31,2012 and 2011 are 4,237,602,026.

RETAINED EARNINGS

Retained earnings at March 31, 2012 and 2011 included a legal reserve of ¥29,286 million ($357,146 thousand) and ¥24,129 million, respectively. The Corporation Law of Japan provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also provides that additional paid-in capital and legal reserve are available for distributions by the resolution of the stockholders.

The amount of retained earnings available for distributions is based on the Company's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan. Retained earnings at March 31, 2012 do not reflect current year-end distributions of ¥16,939 million ($206,573 thousand) which started to be paid from June 1, 2012.

Retained earnings at March 31, 2012 included the Group's equity in undistributed earnings of equity method investees in the amount of ¥106,816 million ($1,302,634 thousand).

The Company resolved, at the board of directors meeting held on May 7, 2010, the submission of the disposition of the Company's other capital surplus based on Article 452 of the Corporation Law of Japan. As a result, the additional paid-in capital was reduced by ¥46,772 million, and the retained earnings was increased by the same amount effective June 30, 2010 on the Company's consolidated balance sheets.

ACCUMULATED OTHER COMPREHENSIVE LOSS

Analyses of the changes in accumulated other comprehensive loss, net of tax, for the years ended March 31, 2012 and 2011 are shown below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Net unrealized gains and losses on securities:			
Balance at beginning of year	**¥ 62,455**	¥ 73,226	**$ 761,645**
Current year change	**(5,362)**	(10,771)	**(65,390)**
Balance at end of year	**¥ 57,093**	¥ 62,455	**$ 696,255**
Foreign currency translation adjustments:			
Balance at beginning of year	**¥ (275,108)**	¥ (231,467)	**$ (3,354,975)**
Current year change	**(11,018)**	(43,641)	**(134,366)**
Balance at end of year	**¥ (286,126)**	¥ (275,108)	**$ (3,489,341)**
Pension liability adjustments:			
Balance at beginning of year	**¥ (308,681)**	¥ (303,348)	**$ (3,764,402)**
Current year change	**(29,667)**	(5,333)	**(361,793)**
Balance at end of year	**¥ (338,348)**	¥ (308,681)	**$ (4,126,195)**
Net unrealized gains and losses on derivative instruments:			
Balance at beginning of year	**¥ (62)**	¥ (2,661)	**$ (756)**
Current year change	**(400)**	2,599	**(4,878)**
Balance at end of year	**¥ (462)**	¥ (62)	**$ (5,634)**
Total accumulated other comprehensive loss:			
Balance at beginning of year	**¥ (521,396)**	¥ (464,250)	**$ (6,358,488)**
Current year change	**(46,447)**	(57,146)	**(566,427)**
Balance at end of year	**¥ (567,843)**	¥ (521,396)	**$ (6,924,915)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2012 and 2011 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2012:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**¥ (13,768)**	**¥ 5,011**	**¥ (8,757)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**5,723**	**(2,328)**	**3,395**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(11,314)**	**55**	**(11,259)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**241**	**–**	**241**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(80,668)**	**29,619**	**(51,049)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**36,058**	**(14,676)**	**21,382**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**231**	**41**	**272**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**(1,285)**	**613**	**(672)**
Other comprehensive loss	**¥ (64,782)**	**¥ 18,335**	**¥ (46,447)**
For the year ended March 31, 2011:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	¥ (16,708)	¥ 4,077	¥ (12,631)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	3,132	(1,272)	1,860
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(51,637)	(2,764)	(54,401)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	10,760	–	10,760
Pension liability adjustments:			
Pension liability adjustments arising during year	(36,034)	14,819	(21,215)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	26,785	(10,903)	15,882
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	3,043	(1,519)	1,524
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	1,727	(652)	1,075
Other comprehensive loss	¥ (58,932)	¥ 1,786	¥ (57,146)

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2012:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	$ (167,902)	$ 61,110	$ (106,792)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	69,793	(28,391)	41,402
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(137,976)	671	(137,305)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	2,939	–	2,939
Pension liability adjustments:			
Pension liability adjustments arising during year	(983,756)	361,207	(622,549)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	439,732	(178,976)	260,756
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	2,817	500	3,317
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	(15,671)	7,476	(8,195)
Other comprehensive loss	$ (790,024)	$ 223,597	$ (566,427)

TAKEOVER DEFENSE MEASURE

The Company introduced a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), based on the shareholders' approval of the Plan for the purpose of protection and enhancement of the corporate value of the Company and the common interests of shareholders.

Specifically, if an acquirer commences or plans to commence an acquisition or a tender offer that would result in the acquirer holding 20% or more of the shares issued by the Company, the Company will require the acquirer to provide the necessary information in advance to its board of directors. The Special Committee that solely consists of outside directors who are independent from the Company's management will, at its discretion, obtain advice from outside experts, evaluate and consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, evaluate, consider and disclose any alternative proposal presented by the Company's representative executive officers, and negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the acquisition would damage the corporate value of the Company or the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the countermeasures (a gratis allotment of stock acquisition rights (shinkabu yoyakuken no mushou wariate), with a condition of which will be that they cannot be exercised by acquirers or the like and subject to call to the effect that the Company can acquire stock acquisition rights from those other than such acquirers in exchange for shares of the Company) are to be implemented in accordance with the recommendation by the Special Committee or the resolution passed at the general meeting for confirming shareholders' intention and the Company will ensure the corporate value of the Company and the common interests of shareholders.

20. NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following reconciliation table of the numerators and denominators sets forth the computation of basic and diluted net earnings (loss) per share attributable to shareholders of the Company for the years ended March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Income from continuing operations attributable to shareholders of the Company	¥ **74,965**	¥ 145,975	$ **914,207**
Loss from discontinued operations attributable to shareholders of the Company	**(1,260)**	(8,130)	**(15,366)**
Net income attributable to shareholders of the Company	¥ **73,705**	¥ 137,845	$ **898,841**

	Thousands of shares	
Year ended March 31	**2012**	2011
Weighted-average number of shares of common stock outstanding for the year	**4,235,024**	4,235,297
Incremental shares from assumed conversions of dilutive convertible debentures	**56,982**	175,295
Weighted-average number of shares of diluted common stock outstanding for the year	**4,292,006**	4,410,592

	Yen		U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Earnings from continuing operations per share attributable to shareholders of the Company:			
–Basic	¥ **17.70**	¥ 34.47	$ **0.22**
–Diluted	**17.47**	33.10	**0.21**
Loss from discontinued operations per share attributable to shareholders of the Company:			
–Basic	¥ **(0.30)**	¥ (1.92)	$ **(0.01)**
–Diluted	**(0.30)**	(1.92)	**(0.00)**
Net earnings per share attributable to shareholders of the Company:			
–Basic	¥ **17.40**	¥ 32.55	$ **0.21**
–Diluted	**17.17**	31.25	**0.21**

Due to their anti-dilutive effect, incremental shares from assumed conversions of dilutive convertible debentures are excluded from the calculation of diluted net loss from discontinued operations per share attributable to shareholders of the Company for the year ended March 31, 2012 and 2011.

Net earnings (loss) per share attributable to shareholders of the Company are computed independently for income from continuing operations attributable to shareholders of the Company, loss from discontinued operations attributable to shareholders of the Company, and net income attributable to shareholders of the Company.
Consequently, the sum of diluted per share amounts from continuing operations and discontinued operations for the year ended March 31, 2011 may not equal diluted per share amounts for net earnings.

21. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates internationally, giving rise to exposure to market risks from fluctuations in foreign currency exchange and interest rates. In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted principally of forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to reduce its exposures. The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

The Group is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments, but the Group does not anticipate any credit-related loss from nonperformance by the counterparties because the counterparties are financial institutions of high credit standing and contracts are diversified across a number of major financial institutions.

The Group has entered into forward exchange contracts with financial institutions as hedges against fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies. The forward exchange contracts related to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies, mature primarily within a few years of the balance sheet date.

Interest rate swap agreements, currency swap agreements and currency options are used to limit the Group's exposure to losses in relation to underlying debt instruments and accounts receivable and payable denominated in foreign currencies resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 2012 to 2018.

Forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options are designated as either fair value hedges or cash flow hedges, except for some contracts, depending on accounts receivable and payable denominated in foreign currencies or commitments on future trade transactions and the interest rate characteristics of the underlying debt as discussed below.

Fair Value Hedge Strategy

The forward exchange contracts and currency swap agreements utilized by the Group effectively reduce fluctuation in fair value of accounts receivable and payable denominated in foreign currencies.

The interest rate swap agreements utilized by the Group effectively convert a portion of its fixed-rate debt to a floating-rate basis.

The gain or loss on the derivative financial instruments designated as fair value hedges is offset by the loss or gain on the hedged items in the same location of the consolidated statements of income.

Cash Flow Hedge Strategy

The forward exchange contracts utilized by the Group effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies for the next 6 years.

The interest rate swap agreements utilized by the Group effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next 6 years.

The Group expects to reclassify ¥512 million ($6,244 thousand) of net loss on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

Derivatives Not Designated as Hedging Instruments Strategy

The Group has entered into certain forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to offset the earnings impact related to fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies and in interest rates on debt instruments. Although some of these contracts have not been designated as hedges as required in order to apply hedge accounting, the contracts are effective from an economic perspective. The changes in the fair value of those contracts are recorded in earnings immediately.

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements and currency swap agreements outstanding at March 31, 2012 and 2011 are summarized below:

March 31	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Forward exchange contracts:			
To sell foreign currencies	¥ **167,866**	¥ 147,035	$ **2,047,146**
To buy foreign currencies	**71,688**	173,175	**874,244**
Interest rate swap agreements	**403,791**	120,982	**4,924,280**
Currency swap agreements	**164,678**	230,461	**2,008,268**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial instruments and the location in the consolidated balance sheets at March 31, 2012 and 2011 are summarized as follows:

March 31	Location	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	¥ **3,115**	¥ 4,514	$ **37,988**
Interest rate swap agreements	Prepaid expenses and other current assets	**–**	2	**–**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(2,735)**	(1,459)	**(33,354)**
Interest rate swap agreements	Other current liabilities	**(1,161)**	–	**(14,158)**
	Other liabilities	**(477)**	(2,394)	**(5,817)**
Currency swap agreements	Other current liabilities	**–**	(1,241)	**–**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**1,494**	1,811	**18,219**
Currency swap agreements	Prepaid expenses and other current assets	**–**	1,716	**–**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(3,173)**	(1,534)	**(38,695)**
Interest rate swap agreements	Other liabilities	**(25)**	(13)	**(305)**
Currency swap agreements	Other current liabilities	**(465)**	–	**(5,671)**

March 31	Millions of yen 2012 Carrying amount	Millions of yen 2012 Fair value	Millions of yen 2011 Carrying amount	Millions of yen 2011 Fair value
Nonderivatives:				
Liabilities:				
Long-term debt, including current portion	¥ **(1,082,046)**	¥ **(1,088,464)**	¥ (879,397)	¥ (882,341)

March 31	Thousands of U.S. dollars 2012 Carrying amount	Thousands of U.S. dollars 2012 Fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	$ **(13,195,683)**	$ **(13,273,951)**

The above table excludes the financial instruments for which fair values approximate their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 6.

In assessing the fair value of these financial instruments, the Group uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes and accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices are used for a part of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes or estimated discounted value of future cash flows when market quotes are not available, and is classified within Level 2 or Level 3. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments. These fair values are not necessarily indicative of the amounts that could be realized in a current market exchange.

The effect of derivative instruments on the consolidated statements of income for the year ended March 31, 2012 is as follows:

Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	¥ (178)	Other income	¥ 672	Other income	¥ 686
Interest rate swap agreements	450				

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 404
Currency options	Other income	7

Cash flow hedge:

	Thousands of U.S. dollars				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	$ (2,171)	Other income	$ 8,195	Other income	$ 8,366
Interest rate swap agreements	5,488				

Derivatives not designated as hedging instruments:

	Thousands of U.S. dollars	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	$ 4,927
Currency options	Other income	85

The effect of derivative instruments on the consolidated statements of income for the year ended March 31, 2011 is as follows:

Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	¥ 2,181	Other income	¥ 1,355	Other income	¥ 284
Interest rate swap agreements	(657)	Other expense	(2,430)	Other income	8

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 1,611
Currency options	Other income	162

22. LEASES

The Group leases manufacturing equipment, office and warehouse space, and certain other assets under operating leases.

Rent expenses under such leases for the years ended March 31, 2012 and 2011 were ¥115,110 million ($1,403,780 thousand) and ¥147,760 million, respectively.

The Group also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2012 and 2011, the costs under capital leases were approximately ¥66,390 million ($809,634 thousand) and ¥75,400 million, and the related accumulated amortization were approximately ¥31,560 million ($384,878 thousand) and ¥31,700 million, respectively.

As of March 31, 2011, the costs under capital leases from TFC and Toshiba Medical Finance Co., Ltd., affiliates of the Company, were approximately ¥47,800 million, and the related accumulated amortization was approximately ¥22,100 million. As disclosed in Note 28, on February 1, 2012, the Company increased its ownership in TFC, and consequently acquired the controlling financial interest of TFC. As a consequence, the costs under capital leases from affiliates of the Company and the related accumulated amortization as of March 31, 2012, were not significant.

Minimum lease payments for the Group's capital and non-cancelable operating leases as of March 31, 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31	Capital leases	Operating leases	Capital leases	Operating leases
2013	¥ 11,570	¥ 38,933	$ 141,098	$ 474,793
2014	8,158	25,383	99,488	309,549
2015	5,307	10,451	64,720	127,451
2016	3,327	9,409	40,573	114,744
2017	2,339	5,624	28,524	68,585
Thereafter	23,889	20,792	291,329	253,561
Total minimum lease payments	54,590	¥ 110,592	665,732	$ 1,348,683
Executory costs	(2,036)		(24,829)	
Amounts representing interest	(18,354)		(223,830)	
Present value of net minimum lease payments	34,200		417,073	
Less-current portion	(10,270)		(125,244)	
	¥ 23,930		$ 291,829	

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and unconditional purchase obligation for license fees outstanding at March 31, 2012 totaled approximately ¥31,151 million ($379,890 thousand).

As of March 31, 2012, contingent liabilities, other than guarantees disclosed in Note 24, approximated ¥434 million ($5,293 thousand) mainly for recourse obligations related to notes receivable transferred.

24. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Group guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Group's products and services. Expiration dates vary from 2012 to 2020 as of March 31, 2012 or terminate on payment and/or cancellation of the obligation. A payment by the Group would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥308,445 million ($3,761,524 thousand) as of March 31, 2012.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Group guarantees housing loans of its employees. Expiration dates vary from 2012 to 2032. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. The maximum potential payments under these guarantees were ¥6,059 million ($73,890 thousand) as of March 31, 2012. However, the Group expects that the majority of such payments would be reimbursed through the Group's insurance policy.

RESIDUAL VALUE GUARANTEES UNDER SALE AND LEASEBACK TRANSACTIONS

The Group has entered into several sale and leaseback transactions in which certain manufacturing equipment was sold and leased back. The Group may be required to make payments for residual value guarantees in connection with these transactions. The operating leases will expire on various dates through July 2016. The maximum potential payments by the Group for such residual value guarantees were ¥22,837 million ($278,500 thousand) as of March 31, 2012.

GUARANTEES OF DEFAULTED NOTES AND ACCOUNTS RECEIVABLE

The Group has transferred trade notes and accounts receivable under several securitization programs. Upon certain sales of trade notes and accounts receivable, the Group holds a repurchase obligation, which the Group is required to perform upon default of the trade notes and accounts receivable. The trade notes and accounts receivable generally mature within 3 months. The maximum potential payment for such repurchase obligation was ¥7,862 million ($95,878 thousand) as of March 31, 2012.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2012 were not significant.

WARRANTY

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

The following is a reconciliation table of the product warranty accrual for the years ended March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Balance at beginning of year	¥ **36,961**	¥ 44,181	$ **450,744**
Warranties issued	**45,605**	29,969	**556,159**
Settlements made	**(48,070)**	(34,875)	**(586,219)**
Foreign currency translation adjustments	**(428)**	(2,314)	**(5,220)**
Other	**4,813**	–	**58,695**
Balance at end of year	¥ **38,881**	¥ 36,961	$ **474,159**

Other includes the warranties assumed in the acquisition of Landis+Gyr AG ("L+G").

25. LEGAL PROCEEDINGS

In January 2007, the European Commission adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it brought an action to the General Court of the European Union seeking annulment of the European Commission's decision in April 2007. In July 2011, the General Court of the European Union handed down a judgment and annulled the entire fine imposed on the Company, but upheld the European Commission's determination about alleged anti-competitive behavior. The Company appealed to the European Court of Justice in September 2011, since there was certain inconsistency between the contents of the judgment and the facts as recognized by the Company. The Company will assert its position in the appeal.

In August 2007, General Electric Capital Leasing Corporation (currently General Electric Japan Inc.("GE Japan")) filed a lawsuit against six companies including the Company and its two subsidiaries for compensation of damages caused by false transactions. Although such transactions were conducted by a former employee of the Group without any relation to the business operation of the Group, GE Japan alleged the damages in accordance with the employer liability clause of Civil Code. In October 2010, GE Japan settled the case with Transcosmos Inc. and Parametric Technology Corporation Japan, both of which were defendants, and assigned the claims to them. In July 2011, Tokyo District Court ordered the Company to pay approximately ¥4,550 million ($55,488 thousand) but the Company immediately appealed against this court ruling because the Company believes it is not responsible for the illegal transactions conducted by the former employee.

In February 2011, the Ministry of Defense of Japan ("MOD") cancelled contract for development and manufacture of "reconnaissance system for F-15" between MOD and the Company. In July 2011, the Company filed a lawsuit against MOD to Tokyo District Court seeking payment of approximately ¥9,319 million ($113,646 thousand) including payment for parts which have been already completed. The Company properly executed its duties pursuant to conditions of the contract. Therefore, the Company thinks that MOD's cancellation of the contract is unreasonable and will assert its position in the Court.

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 is a possibility that such case may arise in the future. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition. The possibility cannot be stated as nil that, under certain circumstances, an action is filed that has an extremely remote chance of a ruling that requires payment but involves an appeal for a significant amount of money.

The Group'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 Group 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 Group.

26. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, "Law Concerning Special Measure against poly chlorinated biphenyl ("PCB") waste" requires PCB waste holders to dispose of all PCB waste by July 2016. The Group accrued ¥9,021 million ($110,012 thousand) and ¥9,213 million at March 31, 2012 and 2011, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Group's operations in Japan have retained.

The Westinghouse Group, consolidated subsidiaries of the Company, is subject to federal, state and local laws and regulations relating to the discharge of pollutants into the environment, the disposal of hazardous wastes and other related activities affecting the environment, and which have had and will continue to have an impact on the Group. It is difficult to estimate the timing and ultimate costs to be incurred in the future due to uncertainties about the status of laws, regulations and technology; the adequacy of information available for individual sites; the extended time periods over which site remediation occurs; the availability of waste disposal capacity; and the identification of new sites. The Group has, however, recognized an estimated liability of ¥6,491 million ($79,159 thousand) and ¥6,569 million as of March 31, 2012 and 2011, respectively, measured in current dollars, for those sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

The accrual will be adjusted as assessment and remediation efforts progress or as additional technical or legal information become available. Management is of the opinion that the ultimate costs in excess of the amount accrued, if any, would not have a material adverse effect on the financial position or the results of operations of the Group.

27. ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations in accordance with ASC No.410 *"Asset Retirement and Environmental Obligations"*.

Asset retirement obligation was related primarily to the decommissioning of nuclear power facilities. These obligations address the decommissioning, clean up and release for acceptable alternate use of such facilities.

The changes in the carrying amount of asset retirement obligations for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Balance at beginning of year	¥ **26,638**	¥ 29,642	$ **324,854**
Accretion expense	**576**	677	**7,024**
Liabilities settled	**(1,621)**	(5,605)	**(19,768)**
Liabilities incurred	**460**	4,347	**5,610**
Revisions in estimated cash flows	**(3,739)**	–	**(45,598)**
Foreign currency translation adjustments	**(617)**	(2,423)	**(7,524)**
Balance at end of year	¥ **21,697**	¥ 26,638	$ **264,598**

28. BUSINESS COMBINATIONS

On April 27, 2011 (Eastern Standard Time), Toshiba Medical Systems Corporation ("TMSC"), a consolidated subsidiary of the Company, and Vital Images, Inc. ("VITAL"), a leading provider of advanced visualization and analysis software, entered into a definitive agreement pursuant to which a subsidiary of TMSC ("Merger Sub") would acquire all of the outstanding shares of VITAL for $18.75 per share. In response to the commencement of the take-over bid, approximately 86.7% of the outstanding shares of VITAL were validly tendered in the offering period. In addition, Merger Sub exercised its option to purchase additional shares directly from VITAL, resulting in the acquisition of more than 90% of the outstanding shares. On June 16, 2011 (Eastern Standard Time), Merger Sub merged with VITAL, and on the same date, remaining shares that were not validly tendered have been converted into the right to receive cash. As a result, VITAL has become a wholly owned subsidiary of TMSC. This transaction will allow TMSC to significantly strengthen its Imaging Solutions business by integrating technologies of TMSC and VITAL to meet the global demand for advanced visualization and imaging informatics provided to healthcare professionals and healthcare IT providers.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen	Thousands of U.S. dollars
Purchase price	¥ 22,105	$ 269,573
Current assets	¥ 10,910	$ 133,049
Non-current assets	2,091	25,500
Intangible assets subject to amortization	4,159	50,720
Current liabilities	2,269	27,671
Total identifiable net assets acquired	¥ 14,891	$ 181,598

Identifiable intangible assets acquired mainly consist of customer relationships. The Group is amortizing the intangible assets over a weighted-average estimated life of 8.0 years.

The excess of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥7,214 million ($87,975 thousand), which was recorded as goodwill and allocated within Social Infrastructure. Among the factors that contributed to the recognition of goodwill were the efforts of dedicated sales force and the strong relationships developed with hospitals, university medical schools and distribution partners.

Operating results of VITAL are included in the Company's consolidated statement of income from the acquisition date. These amounts are not significant.

On May 19, 2011 (Japan Standard Time), the Company entered into a definitive agreement to acquire the entire shares of L+G, and consequently acquired L+G for approximately $2.3 billion on July 29, 2011 (Greenwich Time).

The Company also entered into a shareholders' agreement and a share purchase agreement with Innovation Network Corporation of Japan ("INCJ"). The agreements prescribe INCJ's participation to invest in L+G. The Company transferred all shares in L+G and a part of receivables ($1.7 billion in total) to a Special Purpose Entity ("SPE") established in Switzerland for the purpose of managing L+G, and sold 40% of share in the SPE ($680 million in total) to INCJ on August 22, 2011 (Japan Standard Time).

L+G is a leading provider of smart meter, significant component for constructing smart grid, with having over 8,000 utility customers and strong sales network around the world. L+G provides a wide range of smart meter solutions, from advanced interactive communication technologies to various applications and services based on data collected from the meters. This transaction will allow the Company to provide the sophisticated one-stop solutions that offers optimum power management and effective applications based on cloud computing technologies by the combination of L+G's extensive customer networks, advanced services and technologies, with the Company's comprehensive expertise in energy management for utility companies such as power companies and the energy consumers in corporate buildings and household sectors. The Group positions the Smart Community business as a new focus area and is determined to maximize its presence and capabilities in the market. Upon completion of the acquisition, the Company will promote these synergies through alliances, centering on cloud computing and solutions services, and aim to expand its global operations and to grow the Smart Community business.

Operating results of L+G are included in the Company's consolidated statement of income from the acquisition date. L+G's net sales included in the Company's consolidated statement of income for the year ended March 31, 2012 was ¥80,982 million ($987,585 thousand).

The Company is in the process of allocating the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805, but the process has not been finalized.

On February 1, 2012, the former affiliate TFC transferred the corporate financial services business to its subsidiary, and subsequently transferred 90% of the share in its subsidiary to IBJ Leasing.

Simultaneously, the Company increased its ownership in TFC by acquiring an additional 65% stake to 100% in cash, and consequently acquired the controlling financial interest of TFC.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price and the fair values of previously held equity interest to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen	Thousands of U.S. dollars
Purchase price	¥ 10,906	$ 133,000
Previously held equity interest	5,872	71,610
Total	¥ 16,778	$ 204,610
Current assets	¥ 121,226	$ 1,478,366
Non-current assets	25,803	314,671
Current liabilities	99,292	1,210,878
Non-current liabilities	23,289	284,012
Total identifiable net assets acquired	¥ 24,448	$ 298,147

The excess of the purchase price and the fair value of previously held equity interest over the fair value of the identifiable assets acquired and liabilities assumed after reassessment of recognition and measurement with careful investigation and analysis, amounted to ¥7,670 million ($93,537 thousand), was recorded in "Other income" as a gain on bargain purchase in the acquisition. The book value of equity interest that the Company held before acquiring the additional stake was ¥10,086 million ($123,000 thousand), and the difference between the book value and fair value remeasured after acquiring the additional stake is included in the operating results.

Operating results of TFC are included in the Company's consolidated statement of income from the acquisition date. These amounts are not significant.

The following table summarizes the unaudited pro-forma results of operations, as though the above business combinations had taken place on April 1, 2010.

	Billions of yen		Millions of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Net Sales	**¥ 6,150.6**	¥ 6,549.3	**$ 75,007**
Net income attributable to shareholders of the Company	**75.0**	142.2	**915**

29. Variable Interest Entities

The Group recognizes entities, in accordance with ASC No.810, as VIEs that have either (a) equity investors whose voting right is limited and not having an ability to control it effectively or (b) insufficient equity to permit the entity to finance its activities without additional subordinated financial support. The Group retains variable interests through equity investments, loans and guarantees. In evaluating whether the Group is the primary beneficiary of the VIE and consolidates it, the Group assesses if the Group has both (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

VIEs, of which the Group is the primary beneficiary, are involved in Social Infrastructure, and most of those are entities involved in the Power and Social Infrastructure Systems. The Group has both the power to direct the activities that most significantly affect those VIEs' economic performance and the obligation to absorb losses or the right to receive benefits from the VIEs. The Group is also required to contribute capital to each VIE on an as needed basis based on percentage of ownership interest.

As of March 31, 2012 and 2011, the total assets of VIEs on the consolidated balance sheets were ¥9,544 million ($116,390 thousand) and ¥8,986 million, and the total liabilities of VIEs on the consolidated balance sheets were ¥5,599 million ($68,280 thousand) and ¥2,669 million, respectively. The assets consisted primarily of accounts receivable, and property, plant and equipment. The liabilities consisted primarily of accounts payable and long-term debt. The assets are restricted for use only by those VIEs, and are not available for the Group's general operations. In addition, the creditors or beneficial interest holders of those VIEs do not have recourse to the general credit of the Group.

Unconsolidated Variable Interest Entities

VIEs, of which the Group is not the primary beneficiary but retains significant variable interests, are involved in Electronic Devices and Social Infrastructure. Unconsolidated VIEs involved in Electronic Devices are joint ventures established with SanDisk Corporation ("SanDisk") for the purpose of strengthening the production of NAND flash memories. For those joint ventures, the Group and SanDisk have an equally sharing power. Unconsolidated VIEs involved in Social Infrastructure are established for the purpose of supplying stable electric power systems, and providing electric services and equipments to electric power operators. The Group is not the primary beneficiary of those VIEs because the Group does not have the power to direct the activities that most significantly affect those VIEs' economic performance. The Group accounts for those VIEs under the equity method.

As of March 31, 2012 and 2011, the total assets of those VIEs, carrying amounts of assets and liabilities that relate to the Group's variable interests in the VIEs and the Group's maximum exposures to losses as a result of the Group's involvement with the VIEs are summarized as follows:

	Millions of yen	
March 31, 2012	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	¥ 439,850	¥ 91,591
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	176,242	55,283
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	24,902	–
Maximum exposures to losses	211,922	55,283

	Millions of yen	
March 31, 2011	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	¥ 417,904	¥ 74,271
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	175,689	48,704
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	25,650	–
Maximum exposures to losses	217,230	48,704

	Thousands of U.S. dollars	
March 31, 2012	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	**$ 5,364,024**	**$ 1,116,963**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**2,149,293**	**674,183**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**303,683**	**–**
Maximum exposures to losses	**2,584,415**	**674,183**

Carrying amounts of assets that relate to the Group's variable interests in the VIEs consisted primarily of investment in and advances to affiliates. The Group's maximum exposures to losses, which include primarily equity investments, loans and guarantees, generally do not have relations to the losses anticipated to be incurred from the Group's involvement with the VIEs and are considered to exceed the anticipated losses.

30. SEGMENT INFORMATION

In accordance with the provisions of ASC No.280 *"Segment Reporting"*, the segments reported below are the components of the Group for which discrete financial information is available and whose results are regularly reviewed by the management of the Group to make decisions about allocation on resources and assess performance.

The Group evaluates the performance of its business segments based on segment operating income (loss). The Group's segment operating income (loss) is derived by deducting the segment's cost of sales and selling, general and administrative expenses from net sales. Certain operating expenses such as restructuring charges and gains (losses) from the sales or disposal of fixed assets are not included in it.

The Group has 5 business segments, (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances and (5)Others, identified in accordance with the similarities of the nature of the products, the production processes and markets, etc.

The business segments information is disclosed in the current classification, following changes of the structure of the Group's internal organization in the year ended March 31, 2012. The hard disk drive (HDD) business and the optical disk drive (ODD) business were reclassified from the Digital Products segment to the Electronic Devices segment on July 1, 2011.

Principal products that belong to each segment are as follows.

(1) Digital Products: Personal computers, Visual products, Multi-function peripherals, etc.
(2) Electronic Devices: Semiconductors, Hard disk drives, Liquid crystal displays, etc.
(3) Social Infrastructure: Energy-related equipment, Medical equipment, IT solutions, Elevators, etc.
(4) Home Appliances: Refrigerators, Washing drying machines, Light fixtures, Air-conditioners, etc.
(5) Others: Logistics Service, etc.

BUSINESS SEGMENTS

Financial information by segments as of and for the years ended March 31, 2012 and 2011 are as follows:

As of and for the year ended March 31, 2012 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 1,612,750	¥ 1,524,605	¥ 2,328,844	¥ 552,908	¥ 81,155	¥ 6,100,262	¥ –	¥ 6,100,262
(2) Intersegment	51,231	91,655	83,974	23,842	245,864	496,566	(496,566)	–
Total	¥ 1,663,981	¥ 1,616,260	¥ 2,412,818	¥ 576,750	¥ 327,019	¥ 6,596,828	¥ (496,566)	¥ 6,100,262
Segment operating income (loss)	¥ (28,191)	¥ 90,174	¥ 134,247	¥ 5,692	¥ 2,831	¥ 204,753	¥ 1,896	¥ 206,649
Identifiable assets	¥ 834,603	¥ 1,362,143	¥ 2,859,298	¥ 327,698	¥ 400,383	¥ 5,784,125	¥ (52,879)	¥ 5,731,246
Depreciation and amortization	21,410	130,927	74,650	14,489	5,415	246,891	–	246,891
Capital expenditures	21,819	200,368	93,912	15,912	6,522	338,533	–	338,533

As of and for the year ended March 31, 2011 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 1,866,674	¥ 1,658,576	¥ 2,207,811	¥ 578,211	¥ 87,233	¥ 6,398,505	¥ –	¥ 6,398,505
(2) Intersegment	51,084	99,293	69,840	21,574	247,843	489,634	(489,634)	–
Total	¥ 1,917,758	¥ 1,757,869	¥ 2,277,651	¥ 599,785	¥ 335,076	¥ 6,888,139	¥ (489,634)	¥ 6,398,505
Segment operating income	¥ 28,892	¥ 71,195	¥ 129,615	¥ 8,751	¥ 735	¥ 239,188	¥ 1,085	¥ 240,273
Identifiable assets	¥ 891,185	¥ 1,403,397	¥ 2,546,138	¥ 341,103	¥ 302,245	¥ 5,484,068	¥ (104,749)	¥ 5,379,319
Depreciation and amortization	20,188	145,420	69,396	16,831	6,955	258,790	–	258,790
Capital expenditures	16,634	126,256	96,993	13,928	7,858	261,669	–	261,669

As of and for the year ended March 31, 2012 — Thousands of U.S. dollars

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	$ 19,667,683	$ 18,592,744	$ 28,400,537	$ 6,742,780	$ 989,695	$ 74,393,439	$ –	$ 74,393,439
(2) Intersegment	624,768	1,117,744	1,024,073	290,757	2,998,341	6,055,683	(6,055,683)	–
Total	$ 20,292,451	$ 19,710,488	$ 29,424,610	$ 7,033,537	$ 3,988,036	$ 80,449,122	$ (6,055,683)	$ 74,393,439
Segment operating income (loss)	$ (343,792)	$ 1,099,683	$ 1,637,159	$ 69,415	$ 34,523	$ 2,496,988	$ 23,122	$ 2,520,110
Identifiable assets	$ 10,178,085	$ 16,611,500	$ 34,869,488	$ 3,996,317	$ 4,882,720	$ 70,538,110	$ (644,866)	$ 69,893,244
Depreciation and amortization	261,097	1,596,671	910,366	176,695	66,037	3,010,866	–	3,010,866
Capital expenditures	266,085	2,443,512	1,145,268	194,049	79,537	4,128,451	–	4,128,451

Notes: 1) Transfers between segments are made at arm's length prices.
2) Corporate assets, included in Corporate and Eliminations of Identifiable assets, are mainly marketable securities of the Company.
3) Prior-period data for the fiscal year ended March 31, 2011 has been reclassified to conform to the current classification, following changes of the structure of the Group's internal organization in the fiscal year ended March 31, 2012.

A reconciliation table between the total of the segment operating income (loss) and the income from continuing operations, before income taxes and noncontrolling interests for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2012	2011	2012
The total of the segment operating income (loss)	¥ 204,753	¥ 239,188	$ 2,496,988
Corporate and Eliminations	1,896	1,085	23,122
Sub Total	¥ 206,649	¥ 240,273	$ 2,520,110
Interest and dividends	10,684	8,704	130,292
Equity in earnings of affiliates	17,035	18,478	207,744
Other income	76,744	67,811	935,902
Interest	(31,815)	(32,331)	(387,988)
Other expense	(126,892)	(107,386)	(1,547,462)
Income from continuing operations, before income taxes and noncontrolling interests	¥ 152,405	¥ 195,549	$ 1,858,598

GEOGRAPHIC INFORMATION

Net Sales

Net sales by region based on the location of the customer for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2012**	2011	**2012**
Japan	**¥ 2,775,444**	¥ 2,851,769	**$ 33,846,878**
Overseas	**¥ 3,324,818**	¥ 3,546,736	**$ 40,546,561**
Asia	**1,179,559**	1,280,718	**14,384,866**
North America	**1,122,957**	1,157,934	**13,694,598**
Europe	**729,354**	817,043	**8,894,561**
Others	**292,948**	291,041	**3,572,536**
Total	**¥ 6,100,262**	¥ 6,398,505	**$ 74,393,439**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2012**	2011	**2012**
Japan	**¥ 614,724**	¥ 692,752	**$ 7,496,634**
Overseas	**¥ 236,641**	¥ 207,453	**$ 2,885,866**
Asia	**105,187**	108,653	**1,282,768**
North America	**63,901**	58,079	**779,281**
Europe	**58,088**	33,609	**708,390**
Others	**9,465**	7,112	**115,427**
Total	**¥ 851,365**	¥ 900,205	**$ 10,382,500**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.

31. SUBSEQUENT EVENT

Acquisition of IBM's Retail Store Point-of-Sale Solutions Business

Pursuant to resolutions adopted at a board meeting held on April 17, 2012, Toshiba TEC Corporation ("TEC"), a consolidated subsidiary of the Company, entered into a definitive agreement under which TEC will acquire International Business Machines Corporation ("IBM") 's Retail Store Solutions business. The purchase price is approximately $850 million. The transaction is expected to close late in June or in July, 2012 subject to the satisfaction of regulatory requirements and customary closing conditions, but it has not been finalized as of June 22, 2012

A new holding company will be established in Japan. This company will hold the equity of a number of companies organized in countries around the world. TEC will acquire an 80.1 percent interests in the holding company and in order to promote a smooth transfer, IBM will hold a 19.9 percent interests in the holding company. Eventually, the holding company will become a wholly owned subsidiary of TEC.

A portion of the aggregate purchase price will be paid on the closing date (51.0 percent) and on the first anniversary of the closing (29.1 percent). The remaining portion will be paid on the third anniversary in exchange for IBM's 19.9 percent equity interest.

Upon completion of the transaction, TEC would become the world's foremost retail point- of-sale systems company, offering high-quality hardware, software and integrated in-store solutions worldwide to meet the growing demand for multi-channel commerce.

Ernst & Young

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Report of Independent Auditors

The Board of Directors and Shareholders of
Toshiba Corporation

We have audited the accompanying consolidated balance sheets of Toshiba Corporation and subsidiaries (the "Group") as of March 31, 2012 and 2011, and the related consolidated statements of income, equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Corporation and subsidiaries at March 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

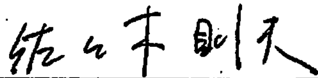
June 22, 2012

Ernst & Young ShinNihon LLC

Responsibility Statements

I confirm that to the best of my knowledge that:

- the audited financial statement conforms to U.S. generally accepted accounting principles and accounting practices in the United States.
- the audited financial statement gives a true and fair view of the assets, liabilities, financial position and profit or loss of Toshiba Group.
- the management report includes a fair review of the development and performance of the business and the position of Toshiba Group, together with a description of the principal risks and uncertainties that Toshiba Group face.
- Toshiba Corporation is responsible for all information in this Annual Financial Report.



Norio Sasaki
President and Chief Executive Officer
Toshiba Corporation