

FOR IMMEDIATE RELEASE

TOSHIBA TO TRANSFER PART OF POWER SEMICONDUCTOR BUSINESS TO MITSUBISHI ELECTRIC

TOKYO, June 17th, 2004 – Mitsubishi Electric Corporation (President and CEO: Tamotsu Nomakuchi; hereafter “Mitsubishi Electric”) and Toshiba Corporation (President and CEO: Tadashi Okamura; hereafter “Toshiba”) announced today that they have agreed in principle to transfer a majority of Toshiba’s high capacity power module business, which accounts for a small portion of its power transistor business, over to Mitsubishi Electric. The business transfer will include product development, design, manufacturing and the marketing of high capacity power module products, but will not include products for automotive use, high voltage modules¹ or other related products. Discussions about the exact details of the business transfer are ongoing. A final agreement is expected to be concluded by October 1st, 2004.

¹ High voltage modules to be used by Toshiba’s Industrial and Power Systems & Services Company will continue to be supplied by Toshiba.

As a result of its “Focus and Concentration” strategy, Mitsubishi Electric has previously spun-off its system LSI and system memory businesses to form a new joint venture with Hitachi Corporation, called Renesas Technology Corporation. Mitsubishi Electric now concentrates its own resources on power semiconductors and high-frequency optical devices, capable of achieving synergies within the company’s business. Mitsubishi Electric has been concentrating on its IGBT² module business in inverter controller equipment for consumer products and industrial equipment, and in new areas such as hybrid cars. Mitsubishi Electric believes that this business transfer will enable it to accelerate the strength of its module business by combining both companies’ technology.

² IGBT: Insulated Gate Bipolar Transistor

Toshiba’s semiconductor business is focused on three key industry sectors—discrete semiconductors, system LSIs and memories—and the ability to offer solutions

as an integrated device manufacturer (IDM) with market-leading capabilities in the integration of design, development and production. In the discrete business, where Toshiba is the world's number one in market share with total sales of approximately 220 billion yen in the fiscal year 2003, the company is fine-tuning its strategic direction and has decided to focus resources on power transistors, which account for approximately 40% of Toshiba's total discrete business, for use in hybrid car and electric vehicle applications and for use in PCs and digital consumer electronics, all areas that are expected to see consistent growth. In pursuit of this strategy, Toshiba reached agreement with Mitsubishi Electric on the transfer to Mitsubishi Electric of the majority of the high capacity power module segment of Toshiba's power transistor business, of which consists only a few percent of Toshiba's total discrete business.

The worldwide demand for power semiconductors looks set to increase, on the back of greater demand for products reflecting a greater concern for energy saving, such as hybrid cars, solar-power generators, wind-power generators, and inverter control devices for consumer electronics and industrial equipment. However, worldwide market conditions are becoming increasingly severe as specialist manufacturers from Europe and North America become more competitive. In order to survive in these conditions, the strengthening and acceleration of the "Focus and Concentration" strategy is vital.

Both companies had been developing their power semiconductor businesses independently up until now. However, both concurred that concentrating on their specialist areas would further both companies' competitiveness, and therefore came to an agreement at this time.

About Mitsubishi Electric

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation (TSE: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. The

company recorded consolidated group sales of 3,309 billion yen (US\$31.2 billion*) in the year ended March 31, 2004.

For more information visit <http://global.mitsubishielectric.com>

*At an exchange rate of 106 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2004.

About Toshiba

Toshiba Corporation is a leader in the development and manufacture of electronic devices and components, information and communication systems, consumer products and power systems. The company's ability to integrate wide-ranging capabilities, from hardware to software and wide-ranging services, assure its position as an innovator in diverse fields and many businesses. In semiconductors, Toshiba continues to promote its leadership in the fast growing system-on-chip market and to build on its world-class position in NAND flash memories, analog devices and discrete devices. Toshiba has approximately 164,000 employees worldwide and annual sales of over US\$47 billion. Visit Toshiba's web site at www.toshiba.co.jp/index.htm

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