

# News Release

***For Immediate Release  
February 9, 2010***

**Pioneer Announces Strengthening of Business Alliance  
with Mitsubishi Electric Corporation and Issuance of New Shares  
Through Third-Party Allotment**

Pioneer Corporation (hereinafter “Pioneer”) announced today that Pioneer resolved, at a meeting of its board of directors held on February 9, 2010, to enter into a capital alliance agreement and to issue new shares through a third-party allotment to Mitsubishi Electric Corporation (hereinafter Mitsubishi Electric Corporation shall be referred to as “Mitsubishi Electric” and such issuance of new shares shall be referred to as the “Third-Party Allotment”) with the aim to further strengthen the business alliance with Mitsubishi Electric with respect to the development of car navigation systems. In connection with this, Pioneer has held discussions with Mitsubishi Electric on cooperation mainly in the development of car navigation systems for a certain period. Further details are provided below.

In addition to the above resolution, Pioneer resolved, at such meeting of its board of directors, the issuance of new shares in an international offering (hereinafter the “International Offering”) and the issuance of new shares through third-party allotment to Mitsubishi Chemical Corporation (hereinafter the “Third-Party Allotment to Mitsubishi Chemical”). For the details thereof, please see the announcements “Pioneer Announces Issuance of New Shares” and “Pioneer Announces Business Alliance with Mitsubishi Chemical Corporation and Issuance of New Shares Through Third-Party Allotment”, which were also released today. In addition, as Pioneer announced the progress of the issuance of new shares through a third-party allotment to Honda Motor Co., Ltd. today, please also see the announcement “Pioneer Announces Progress of Issuance of New Shares Through Third-Party Allotment to Honda Motor Co., Ltd.”, which was released today.

## I. Strengthening of Business Alliance

### 1. Purpose and Reason of Strengthening the Business Alliance

Pioneer designates its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. Pioneer is actively proceeding with business alliances to enhance the competitiveness of its car electronics business, including in terms of reducing costs.

With respect to car navigation systems, strengthening the capability and improving efficiency of development is essential as development costs increase with the advancement of performance, and the intensification of market competition. For this reason, Pioneer and Mitsubishi Electric are jointly developing platforms for car navigation systems and automobile AV products. With this enhancement of the business alliance, Pioneer will further strengthen the relationship between the two companies.

## 2. Details of Strengthening of Business Alliance

Both companies will deal with future technological innovations to develop car navigation systems as the center of information in the vehicles, by integrating Pioneer's technologies related to servers and maps and Mitsubishi Electric's ability to develop platforms and technologies to interact with vehicle data.

## 3. Outline of Mitsubishi Electric

Please see "II. Issuance of New Shares Through Third-Party Allotment – 6. Reason for Selecting Mitsubishi Electric and Other Related Matters – (1) Outline of Mitsubishi Electric" below for an outline of Mitsubishi Electric, the business alliance partner.

## 4. Future Prospects

The strengthening of business alliance announced herein will have a minor effect on the business results for the year ending March 31, 2010. Pioneer is examining the effects of the strengthening of business alliance on future results and future prospects; however, Pioneer will vigorously promote the joint development in order to promptly obtain the benefit of the business alliance.

## II. Issuance of New Shares Through Third-Party Allotment

### 1. Outline of Offering

#### (1) Issue Date

The issue date will be a date within the period from Tuesday, March 2, 2010 to Thursday, March 4, 2010, whichever of such date is the fifth business day immediately following the Determination Date defined in (3) below.

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#### (2) Number of Shares to Be Newly Issued

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10,000,000 shares of common stock (Note 1)

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#### (3) Method of Determining the Amount to Be Paid

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The amount to be paid shall be the same price as the issue price (offer price) of new shares to be offered in the International Offering, which will be determined on a date within the period from Tuesday, February 23, 2010 to Thursday, February 25, 2010 (the "Determination Date").

The offer price for the International Offering will be determined on the Determination Date based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of Pioneer on the First Section of the Tokyo Stock Exchange, Inc. on the Determination Date (or, if no closing price is quoted on the Determination Date, the closing price of the immediately preceding date) by 0.90-1.00 (any fraction less than one (1) yen that results from such calculation will be rounded down) in accordance with the book-building method

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	similar to the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association, taking into account market demand and other conditions.
(4) Amount of Funds to Be Raised	3,803,500,000 yen (estimated net proceeds calculated based on the closing price of the shares of common stock of Pioneer on the First Section of the Tokyo Stock Exchange, Inc. as of February 8, 2010) (Note 2)
(5) Method of Offering or Allotment (Party to Which Shares Will Be Allotted)	Third-party allotment (Mitsubishi Electric Corporation)
(6) Each of the items above will be subject to the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan.	

Notes: 1. Mitsubishi Electric will underwrite the shares to be offered in the amount obtained by dividing 2,500,000,000 yen by the amount to be paid determined as described in (3) above (any fraction less than 10,000 shares shall be rounded down). Shares that Mitsubishi Electric will not underwrite will not be issued.

2. This is the estimated net proceeds calculated based on the aggregate amount to be paid in the case that Mitsubishi Electric underwrites all the shares to be offered. In fact, as Mitsubishi Electric will underwrite the shares as described in Note 1, the maximum aggregate amount to be paid will be 2,500,000,000 yen. In such case, the estimated net proceeds will be 2,489,250,000 yen.

## 2. Purpose of and Reason for the Issuance of New Shares Through Third-Party Allotment

As described in I. 1. above, Pioneer designates its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. Pioneer is actively proceeding with business alliances to enhance the competitiveness of its car electronics business, including in terms of reducing costs.

With respect to car navigation systems, strengthening the capability and improving efficiency of development is essential as development costs increase with the advancement of performance, and the intensification of market competition. For this reason, Pioneer and Mitsubishi Electric are jointly developing platforms for car navigation systems and automobile AV products. In order to further strengthen the business alliance relationship with Mitsubishi Electric, Pioneer has determined to issue new shares through a third-party allotment to Mitsubishi Electric.

## 3. Amount, Use and Scheduled Timing of Expenditure of Funds to Be Raised

### (1) Amount of Funds to Be Raised

Aggregate amount to be paid:	3,820,000,000 yen
Estimated costs of issuance (Note 1):	16,500,000 yen
Estimated net proceeds:	3,803,500,000 yen

Notes: 1. Costs of issuance include costs related to commercial registration and listing fees.

2. The above is the estimated amount calculated based on the closing price of the shares of common stock of Pioneer on the First Section of the Tokyo Stock Exchange, Inc. on February 8, 2010 and is the maximum amount in the case that Mitsubishi Electric underwrites all the shares to be offered described in 1. (2) above. In fact, Mitsubishi Electric will underwrite the shares to be offered in the Third-Party Allotment in the amount obtained by dividing 2,500,000,000 yen by the amount to be paid determined as described in 1. (3) above (any fraction less than 10,000 shares shall be rounded down). Therefore, the actual maximum aggregate amount to be paid will be 2,500,000,000 yen. Accordingly, the actual maximum estimated costs of issuance and the maximum estimated net proceeds will be 10,750,000 yen and 2,489,250,000 yen, respectively.

#### (2) Use and Scheduled Timing of Expenditure of Funds to Be Raised

The funds to be raised through the Third-Party Allotment will be used as working capital, among other purposes. In particular, the funds will be used for the joint development with Mitsubishi Electric of the hardware and software platforms for car navigation systems. The funds to be raised will be used during the year ending March 31, 2011, and until then, such funds will be kept in Pioneer's current deposit account.

#### 4. Rationale for the Use of Funds to Be Raised

Pioneer believes that the use of the funds to be raised as working capital, necessary for ensuring the progress on strengthening of the business alliance with Mitsubishi Electric, will contribute to enhance the corporate value of Pioneer, and is therefore a reasonable application.

#### 5. Rationale for Conditions of Issuance

##### (1) Basis of Calculation of the Amount to Be Paid and Details Thereof

The amount to be paid with respect to the Third-Party Allotment shall be the same price as the offer price for the International Offering. Such offer price for the International Offering will be determined in accordance with the book-building method similar to the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association.

Pioneer has determined that the aforementioned method of determining the amount to be paid with respect to the Third-Party Allotment is appropriate, as such method is in accordance with "the method for determining the amount to be paid in that is appropriate to realize payment at a fair value" provided for in Article 201, Paragraph 2 of the Company Law. Furthermore, regarding the legality of the method of determining the amount to be paid, all three (3) auditors (of which two (2) auditors are outside company auditors) represented their opinion that the method of determining the amount to be paid is legitimate at the meeting of Pioneer's board of directors held today.

(2) Rationale for the Judgment that the Number of Shares to Be Issued and the Level of Dilution of Shares are Reasonable

The number of shares to be newly issued through the Third-Party Allotment and the Third-Party Allotment to Mitsubishi Chemical is 12,400,000 shares (number of voting rights: 124,000) at a maximum, and the ratio to the current total number of issued shares of Pioneer (210,063,836 shares (total number of voting rights as of September 30, 2009: 2,048,293)) is 5.9% (ratio in voting rights: 6.0%) at a maximum. Therefore, Pioneer believes that the level of dilution of shares is limited.

6. Reason for Selecting Mitsubishi Electric and Other Related Matters

(1) Outline of Mitsubishi Electric

(i) Trade name	Mitsubishi Electric Corporation																
(ii) Location	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan																
(iii) Representative	Setsuhiro Shimomura President & CEO																
(iv) Principal businesses	Develop, production, sales and provision of service energy and electric systems, industrial automation systems, information and communication systems, electronic devices, home appliances, etc.																
(v) Stated capital	175,820 million yen																
(vi) Date of incorporation	January 15, 1921																
(vii) Total number of issued shares	2,147,201,551 shares																
(viii) Fiscal year end	March 31																
(ix) Number of employees	110,082 (consolidated)																
(x) Major business partners	Private companies such as manufacturers and non-manufacturers and public agencies worldwide.																
(xi) Major transaction banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mizuho Corporate Bank, Ltd., The Norinchukin Bank, The Chuo Mitsui Trust and Banking Company, Limited																
(xii) Major shareholders and their shareholding ratio	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>7.97%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd.(Trust Account)</td> <td>5.57%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Company</td> <td>3.95%</td> </tr> <tr> <td>State Street Bank and Trust Company</td> <td>3.53%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>3.37%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>2.86%</td> </tr> <tr> <td>Mitsubishi Electric Group Employees' Shareholding Union</td> <td>2.29%</td> </tr> <tr> <td>The Dai-ichi Mutual Life Insurance Company</td> <td>1.74%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.97%	Japan Trustee Services Bank, Ltd.(Trust Account)	5.57%	Meiji Yasuda Life Insurance Company	3.95%	State Street Bank and Trust Company	3.53%	Nippon Life Insurance Company	3.37%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.86%	Mitsubishi Electric Group Employees' Shareholding Union	2.29%	The Dai-ichi Mutual Life Insurance Company	1.74%
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	Japan Trustee Services Bank, Ltd.(Trust Account 4)	1.58%	
	The Chase Manhattan Bank N A London S L Omnibus Account	1.52%	
(xiii) Relationship between Pioneer and Mitsubishi Electric	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Sales transactions of electronic devices, etc.	
	Related party relationship	Not applicable	
(xiv) Consolidated results of operations and financial condition for the last three years	Year ended/As of March 31		
	2007	2008	2009
Net sales (million yen)	3,855,745	4,049,818	3,665,119
Operating income (million yen)	218,372	264,016	139,728
Net income before income taxes (million yen)	184,776	226,612	107,928
Net income (million yen)	123,080	157,977	12,167
Net income per share (yen)	57.34	73.60	5.67
Dividend per share (yen)	10.00	13.00	6.00
Net assets (million yen)	1,059,209	1,031,438	849,476
Total assets (million yen)	3,452,231	3,485,080	3,334,123
Net assets per share (yen)	493.46	480.51	395.77

Note: Stated capital, total number of issued shares and number of employees above are as of September 30, 2009. The major shareholders and their shareholding ratio are based on the register of shareholders as of September 30, 2009.

(2) Reason for Selecting Mitsubishi Electric

As described in I. 1. above, Pioneer and Mitsubishi Electric are jointly developing car navigation systems, among other products; Pioneer and Mitsubishi Electric have decided to strengthen the business alliance for the purpose of strengthening product competitiveness in order to respond to intensifying competition in the car navigation market. In order to further smoothen and stabilize the operation of this business alliance and to contribute to enhancing the competitiveness and corporate value of Pioneer, Pioneer has selected Mitsubishi Electric as the party to which shares will be allotted through the Third Party Allotment.

(3) Policy of Mitsubishi Electric for Holding Shares of Pioneer

Pioneer has confirmed that Mitsubishi Electric intends to hold the new shares to be allotted for the medium- and long-term.

In addition, Pioneer will request of Mitsubishi Electric a written confirmation agreeing and/or acknowledging that, if Mitsubishi Electric assigns all or a part of the new shares to be allotted within two years of the closing date, (i) Mitsubishi Electric will immediately report to Pioneer, in writing, the name of the assignee, the number of shares assigned and other related matters, (ii) Pioneer will report such assignment to the Tokyo Stock Exchange, Inc., and (iii) Mitsubishi Electric will consent to the substance of such report being available for public inspection.

(4) Details of the Confirmation of the Payment Capacity of Mitsubishi Electric in Respect of the Payment for the Third-Party Allotment

After confirming the status of net sales, total assets, net assets, cash and deposits and other related matters described in the latest Annual Securities Report (filed on June 26, 2009) and the latest Quarterly Report (filed on November 10, 2009) that were filed with the Director-General of the Kanto Local Finance Bureau by Mitsubishi Electric, Pioneer has confirmed that Mitsubishi Electric has no problem with the payment for the Third-Party Allotment.

7. Major Shareholders and Their Shareholding Ratio

Before the issuance (as of September 30, 2009)		After the issuance	
Sharp Corporation	14.28%	Sharp Corporation	9.54%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.12%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.42%
Japan Trustee Services Bank, Ltd. (Trust Account)	3.85%	Mitsubishi Electric Corporation	3.18%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.08%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.57%
Mizuho Bank, Ltd.	1.90%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.06%
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd.	1.88%	Mizuho Bank, Ltd.	1.27%
Pioneer Employee Stock Ownership Plan	1.81%	Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd.	1.25%

Sumitomo Mitsui Banking Corporation	1.23%	Pioneer Employee Stock Ownership Plan	1.21%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1.16%	Sumitomo Mitsui Banking Corporation	0.82%
Mitsui Life Insurance Company Limited	1.01%	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	0.77%

- Notes: 1. The above table is based on the register of shareholders as of September 30, 2009.
2. The above major shareholders and their shareholding ratios after the issuance have been calculated by adding (i) the sum of (a) the maximum number of shares offered in the International Offering (the maximum number of shares: 92,000,000 shares), (b) the maximum number of shares to be issued through the Third-Party Allotment (the maximum number of shares to be newly issued: 10,000,000 shares) and (c) the maximum number of shares to be issued through the Third-Party Allotment to Mitsubishi Chemical (the maximum number of shares to be newly issued: 2,400,000 shares) to (ii) the total number of issued shares as of September 30, 2009.
3. Pioneer held treasury stocks at the ratio of 2.38% of its total issued shares as of September 30, 2009, which are not included in the major shareholders set forth above.

## 8. Future Prospects

Pioneer believes that the issuance of shares through the Third-Party Allotment will improve and strengthen Pioneer's financial situation and will contribute to the medium- to long-term growth of, and the improvement of the profitability of Pioneer. The Third-Party Allotment will have no impact on the consolidated business forecasts for the year ending March 31, 2010, which was revised and announced today. Pioneer will review and revise the medium-term business plan with regard to the year ending March 31, 2011 and for subsequent years.

## 9. Matters concerning Procedures in the Code of Corporate Conduct

Pioneer is not required to obtain the opinion of an independent third party or to confirm the intent of each shareholder concerning the Third-Party Allotment, as provided for in Rule 432 of the Securities Listing Regulations by the Tokyo Stock Exchange, Inc., since (i) the dilution rate of the Third-Party Allotment is less than 25% and (ii) the Third-Party Allotment does not involve any change in the controlling shareholder(s).

## 10. Business Results for and Equity Finance Executed in the Last Three Years

### (1) Consolidated Business Results for the Last Three Years

	Year ended/As of March 31		
	2007 (U.S. GAAP)	2008 (Japan GAAP)	2009 (Japan GAAP)
Operating revenue (million yen)	797,102	774,477	558,837
Operating income (loss) (million yen)	12,487	9,216	(54,529)
Ordinary profit (loss) (million yen)	-	12,428	(54,420)
Net loss (million yen)	(6,761)	(19,040)	(130,529)



Net loss per share (yen)	(38.76)	(103.95)	(636.68)
Dividend per share (yen)	10.0	7.5	0
Net assets per share (yen)	1,537.22	1,258.40	538.98

- Notes: 1. Effective from the year ended March 31, 2009, Pioneer changed its accounting principles for preparing consolidated financial statements from the accounting principles generally accepted in the United States of America (hereinafter the "U.S. GAAP") to the accounting principles generally accepted in Japan (hereinafter the "Japan GAAP"). Therefore, the figures described above for the year ended March 31, 2008 are figures reclassified in accordance with the Japan GAAP. The figures described above for the year ended March 31, 2007 are figures that have already been prepared in accordance with the U.S. GAAP and announced.
2. Operating revenue for the year ended March 31, 2007 is presented as operating revenue in accordance with the U.S. GAAP, and operating income (loss) for the year ended March 31, 2007 is presented as operating revenue in accordance with the U.S. GAAP less cost of sales and selling, general and administrative expenses. Ordinary profit (loss) for the year ended March 31, 2007 is not presented, because, under the U.S. GAAP, there is no item corresponding to ordinary profit (loss).
3. Net assets as of March 31, 2007 are presented as total shareholders' equity in accordance with the U.S. GAAP. Net assets per share as of March 31, 2007 are calculated by using total equity in accordance with the U.S. GAAP.

## (2) Number of Issued Shares and Dilutive Shares

(As of December 31, 2009)

	Number of shares	Ratio to total number of issued shares
Total number of issued shares	210,063,836	100%
Number of dilutive shares	15,605,388	7.42%

Note: Dilutive shares relate to stock acquisition rights and bonds with stock acquisition rights, the exercise price of which has no maximum or minimum.

## (3) Recent Stock Prices

### (i) Stock Prices for the Last Three Years

(In yen)

	Year ended March 31		
	2007	2008	2009
Opening	1,940	1,555	980
High	2,295	1,837	1,102
Low	1,480	722	82
Closing	1,540	990	129

### (ii) Stock Prices for the Last Six Months

(In yen)

	2009					2010
	August	September	October	November	December	January
Opening	276	295	201	221	238	288
High	328	304	253	289	320	364
Low	262	211	198	220	235	263
Closing	300	216	231	233	286	352

(iii) Stock Price on the Day Immediately Preceding the Date of the Resolution  
Authorizing the Issuance

(In yen)

	February 8, 2010
Opening	387
High	390
Low	377
Closing	382

(4) Equity Finance in the Last Three Years

(Issuance of new shares through a third-party allotment)

Issue date	December 20, 2007
Amount of funds raised	41,400,000,000 yen (approximate net proceeds)
Issue price	1,385 yen per share
Total number of issued shares at the time of offering	180,063,836 shares
Number of shares to be issued through such offering	30,000,000 shares
Total number of issued shares after offering	210,063,836 shares
Party to which shares were allotted	Sharp Corporation
Use of the funds planned at the time of issuance	Working capital (funds for the alliance and joint developments with Sharp Corporation)
Scheduled timing of expenditure at the time of issuance	At any time from December 2007
Current status of application	Application of the funds has been completed

11. Terms and Conditions of Issuance

(1) Number of Shares to Be Newly Issued:

10,000,000 shares of common stock (Note)

(2) Method of Determining the Amount to Be Paid:

The amount to be paid shall be the same price as the issue price (offer price) of new shares to be offered in the International Offering, which will be determined on a date within the period from Tuesday, February 23, 2010 to Thursday, February 25, 2010 (the "Determination Date"). The offer price for the International Offering will be determined on the Determination Date based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of Pioneer on the First Section of

the Tokyo Stock Exchange, Inc. on the Determination Date (or, if no closing price is quoted on the Determination Date, the closing price of the immediately preceding date) by 0.90-1.00 (any fraction less than one (1) yen that results from such calculation will be rounded down) in accordance with the book-building method similar to the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association, taking into account market demand and other conditions.

- (3) Aggregate Amount to be Paid: The aggregate amount to be paid will be the amount obtained by multiplying (i) the amount to be paid determined as described in (2) above by (ii) the number of shares to be newly issued described in (1) above.
- (4) Amount to Be Accounted for as Stated Capital: The amount by which stated capital is to be increased will be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one (1) yen resulting from the calculation being rounded up to the nearest yen. The amount by which the legal capital surplus is to be increased will be the amount obtained by subtracting the amount by which stated capital is to be increased above from the relevant maximum increased amount of stated capital.
- (5) Method of Offering or Allotment: Third-party allotment
- (6) Subscription Date: The date of application for the offering will be a date within the period from Monday, March 1, 2010 to Wednesday, March 3, 2010, whichever of such date is the business day immediately preceding the closing date described in (7) below.
- (7) Payment Date: The payment date will be a date within the period from Tuesday, March 2, 2010 to Thursday, March 4, 2010, whichever of such date is the fifth business day immediately following the Determination Date.

(8) Party to Which Shares Will Be Allotted and Number of Shares to Be Allotted:  
Mitsubishi Electric Corporation; 10,000,000  
shares of common stock (Note)

(9) Each of the items above shall be subject to the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan.

Note: Mitsubishi Electric will underwrite the shares to be offered in the Third-Party Allotment in the amount obtained by dividing 2,500,000,000 yen by the amount to be paid determined as described in (2) above (any fraction less than 10,000 shares shall be rounded down). Shares that Mitsubishi Electric will not underwrite will not be issued.

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