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December 19, 2008

Basic Agreement on Stock Transfer of Eudyna Devices Inc.

Sumitomo Electric Industries, Ltd. and Fujitsu Limited have reached a basic agreement on the transfer of Fujitsu's shares of Eudyna Devices Inc., a 50-50 joint venture between the companies, to Sumitomo Electric.

Sumitomo Electric and Fujitsu will continue negotiations based on the basic agreement and plan to complete the transfer of the shares on April 1, 2009.

1. Purpose of the transfer

Eudyna Devices Inc. was established on April 1, 2004 as a 50-50 joint venture of Sumitomo Electric and Fujitsu. Since then, it has become a global leader in the compound semiconductor market through the development, manufacture and sale of a wide range of optical and electronic devices. However, with the accelerated commoditization of high-end products, where the company has been particularly strong, and other changes in the market, there is an increased need to reinforce the business foundation of Eudyna Devices.

As wireline and wireless networking technologies evolve, the systems equipment makers expect their suppliers to provide new and expanded product portfolios. Also, these system manufacturers are concerned about the long-term stability of their critical components within their supply chain. Therefore, Sumitomo Electric will acquire Eudyna Devices in a strategic move that will increase market share by adding new products and technologies to better serve Sumitomo Electric's large customer base. Furthermore, the additional R&D resources together with a larger scale of manufacturing operations ensures a more competitive and sustainable business for the future. Sumitomo Electric feels that this business M&A provides a synergistic combination of technologies and markets to better support its global customers. New FTTH, Next Generation Network (NGN) and WiMAX services fuel the industry's ongoing demands for higher and more flexible bandwidth channels.

Operating Eudyna Devices and Sumitomo Electric under a unified governance structure will enable more managerial resources to be channeled into Eudyna Devices and its management base will be strengthened. By combining the two companies' management resources and utilizing them effectively, the development and launch of new products will be accelerated and competitiveness in cost, quality and marketing will be enhanced. Making Eudyna Devices a wholly-owned subsidiary will greatly contribute to the further enhancement of the optical devices/transceivers and electronic devices businesses of Sumitomo Electric, and also to the reinforcement of the business infrastructure of the entire Sumitomo Electric Group.

The Fujitsu Group plans to maintain a strong business relationship with Eudyna Devices after the stock transfer. Incorporating compound semiconductor products into Fujitsu's range of optical modules and wireless systems will serve to enhance their competitiveness and support the expansion of these businesses.

2. Overview of the transfer

(a) Method:

All shares of Eudyna Devices Inc. owned by Fujitsu (29,680,000 shares) will be acquired by Sumitomo Electric.

(b) Schedule:

December 19, 2008	Basic transfer agreement
April 1, 2009	Stock transfer

About Eudyna Devices

Fujitsu Quantum Devices Limited (FQD) and the Electron Devices Department of Sumitomo Electric Industries, Ltd. (SEI-EDD) consolidated their compound semiconductor device businesses into a joint-venture company, Eudyna Devices Inc., on April 1, 2004. Since then, Eudyna has overcome many challenges to become the most reliable and respected supplier of compound semiconductor products in the world, leveraging the synergy between the accumulated development, manufacturing and sales resources of both companies. For additional information, please visit the Eudyna Devices website at:

<http://www.eudyna.com/>

About Fujitsu

Fujitsu is a leading provider of IT-based business solutions for the global marketplace. With approximately 160,000 employees supporting customers in 70 countries, Fujitsu combines a worldwide corps of systems and services experts with highly reliable computing and communications



products and advanced microelectronics to deliver added value to customers. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 5.3 trillion yen (US\$53 billion) for the fiscal year ended March 31, 2008. For more information, please see: www.fujitsu.com.

About Sumitomo Electric

Sumitomo Electric Industries, Ltd. (TSE: 5802) designs, manufactures, and sells electric cables, optical fibers and components, advanced electronic devices, automotive parts, cemented carbide tools and special steel wires—products that play an essential part in supporting the economic infrastructure. Thanks to the success of our research and development strategy, as well as our business strategy, Sumitomo Electric has become one of the world's leading companies in these product fields and is at the forefront of the information-communication technology revolution.

The Sumitomo Electric Group employs more than 150,000 people worldwide. For additional information, please visit the Sumitomo Electric website at: <http://www.sei.co.jp/>