

March 27, 2009  
Sumitomo Electric Industries, Ltd.

## **Notice on Acquisition of Eudyna Devices' Stocks to Assume 100% Ownership**

Sumitomo Electric Industries, Ltd., at the meeting of its Board of Directors held today, resolved that it will assume 100% ownership of Eudyna Devices Inc. by means of acquisition of 50% of outstanding Eudyna Devices shares from Fujitsu Limited in accordance with the basic agreement made public on December 19, 2008 by Sumitomo Electric and Fujitsu.

### 1. Purpose of the stock acquisition

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.

## 2. Profile of the subsidiary to be transferred (as of March 31, 2008)

(1) Company name	Eudyna Devices Inc.
(2) Representative	Mikio Morioka, President
(3) Location of headquarters	1, Kanai-cho, Sakae-ku, Yokohama, Kanagawa Pref., Japan
(4) Date of establishment	April 1, 2004
(5) Main business activities	Development, manufacture and sale of electronic and optical devices that use compound semiconductor materials and their applied products
(6) Fiscal year end	March 31 each year
(7) Number of employees	900
(8) Main business locations	Headquarters (Yokohama), Yamanashi Plant (Yamanashi Pref.), Osaka Branch (Osaka International Airport South Cargo Area)
(9) Net assets	¥24, 104 million (for FY ended March 2008; on-consolidated)
(10) Total assets	¥45, 762 million(for FY ended March 2008; on-consolidated)
(11) Sales	¥30, 896 million (for FY ended March 2008; on-consolidated)
(12) Operating profit	¥2,439 million(for FY ended March 2008; on-consolidated)
(13) Ordinary profit	¥2,748 million (for FY ended March 2008; on-consolidated)
(14) Current year net profit	¥2,862 million (for FY ended March 2008; on-consolidated)
(15) Capital	¥19,499 million
(16) Number of outstanding stocks	59,360,000

## 3. Schedule of the transfer

March 27, 2009 Board of Directors' Meeting resolution. Conclusion of the stock transfer contract.

April 1, 2009 Date of stock transfer.  
(Eudyna Devices to become Sumitomo Electric's consolidated subsidiary.)

## 4. Profile of the transferor of stocks

(1) Company name	Fujitsu Limited
(2) Main business activities	Manufacture and sale of communication systems, information-processing systems and electronic devices, and provision of related services.
(3) Date of establishment	June 20, 1935
(4) Location of headquarters	4-1-1., Kamikodanaka, Nakahara-ku, Kawasaki-shi, Kanagawa Pref., Japan
(5) Representative	Kuniaki Nozoe, President

5. Number and percentage of stocks owned by Sumitomo Electric before and after the acquisition of stocks

- (1) Number of stocks owned before the acquisition  
29,680,000 (ownership: 50%)
- (2) Number of stocks to be acquired  
29, 680,000
- (3) Number of stocks owned after the acquisition  
59, 360,000 (ownership: 100%)

6. Outlook for the future

Because the date of stock acquisition is set for April 1, 2009, this stock transfer will have no impact on Sumitomo Electric’s business results for the fiscal year ending March 31, 2009. Its impact on business results for the fiscal year ending March 31, 2010 and onward will be promptly disclosed if necessary.

**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/>

**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 developments, manufacturing and sales resources of both companies. For additional information, please visit the Eudyna Devices website at:

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

Contacts:	Public Relations Department Sumitomo Electric Industries, Ltd. +81 6 6220 4119 web-info-ml@ml.sei.co.jp
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