

Reorganization of Optical and Electronic Devices Businesses

-- Basic policy on partial business transfer between Sumitomo Electric and Eudyna Devices --

Sumitomo Electric Industries, Ltd. (hereinafter Sumitomo Electric), at the meeting of its Board of Directors held today, resolved that Sumitomo Electric and its wholly-owned subsidiary Eudyna Devices Inc. (hereinafter Eudyna) will reorganize their optical devices/transceivers and electronic devices (hereinafter optical and electronic devices) businesses as follows.

1. Purpose of the organizational restructuring

Eudyna was established on April 1, 2004 as a 50-50 joint venture of Sumitomo Electric and Fujitsu Limited. Since then, it has become a global leader in the compound semiconductor devices market through development, manufacture and sale of a wide range of optical and electronic devices.

On April 1, 2009, Sumitomo Electric acquired the remaining 50% of Eudyna's stocks from Fujitsu in order to flexibly respond to increasingly sophisticated customer needs and rapidly changing global business environment by combining the two companies' managerial resources and utilizing them effectively. This integration of the managerial resources will strengthen the optical and electronic devices businesses of Sumitomo Electric, generating synergistic effects such as accelerated development and launch of new products and competitiveness in quality, cost and marketing.

Under the new organization, Sumitomo Electric will be responsible for strategic planning, sales and marketing, as well as research and development of the entire optical and electronic device businesses, while product development, manufacturing, sales engineering, quality assurance and purchasing (Japan domestic procurement only) activities will be consolidated into Eudyna organization, in order to pursue early realization of the synergistic effects and further growth in the field.

Upon this organizational restructuring, Sumitomo Electric will supervise all the strategies of the optical and electronic devices businesses, promoting global marketing activities under the Sumitomo Electric brand name. The restructuring is also intended to gear up the Sumitomo Electric to meet more sophisticated and diversified needs for technology development and achieve synergistic effects in its electronic-device-related study and network-related product development. Meanwhile, Eudyna will focus on enhancing its excellence in the product development, manufacturing, process technology and quality assurance of optical and electronic devices to create globally competitive products.

2. Outline of the organizational restructuring

Sumitomo Electric will succeed Eudyna's sale, planning and research; similarly Eudyna will assume product development, manufacturing, sales engineering, quality assurance and purchase (Japan domestic procurement only) business from Sumitomo Electric's optical devices/transceivers business division by way of an absorption-type corporate split effective as of August 1, 2009.

3. Outlook for the future

This is the notice of the basic policy. The details of the organizational restructuring will be communicated promptly upon finalization.

This restructuring is expected to have little impact on Sumitomo Electric's consolidated and individual business performance.

4. Profile of Eudyna Devices

(1) Company name	Eudyna Devices Inc.
(2) Main business activities	Development, manufacture and sale of electronic and optical devices that use compound semiconductor materials and their applied products
(3) Starting date of business	April 1, 2004
(4) Representative	Mikio Morioka, President
(5) Location of headquarter	1, Kanai-cho, Sakae-ku, Yokohama, Kanagawa Pref., Japan
(6) Capital	19,499 million yen
(7) Number of outstanding stocks	59,360,000
(8) Net assets	18,966 million yen (for FY ended March 2009; non-consolidated)
(9) Gross assets	34,472 million yen (for FY ended March 2009; non-consolidated)
(10) Fiscal year end	March 31 each year
(11) Largest shareholder and holding ratio	Sumitomo Electric Industries, Ltd., 100%