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## Press Release

October 1, 2008

Company Name	<b>SUMIDA CORPORATION</b>
Representative	Shigeyuki Yawata, Representative Executive Officer (CEO) (Code 6817, 1st Section, Tokyo Stock Exchange)
For Inquiries	Toru Fujinawa, Corporate Office Officer (Phone: 81-3-3272-7801)

### **Basic Agreement with EIWA Co., Ltd. and MOSTEC Inc. regarding Sumida's Share Acquisition and Launch of a Satellite Factory**

After formulating our mid-term business plan "Triple Ex" this March, we, SUMIDA CORPORATION have been pursuing to achieve each target we set for manufacturing, R&D, marketing and M&A. This time, we would like to inform you of the significant progress we made for M&A and manufacturing.

- I. M&A - Basic agreement with EIWA and MOSTEC regarding Sumida's share acquisition -
- II. Manufacturing <Sumida Silk Road> - Launch of a satellite factory -

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#### **I. M&A**

##### **- Basic agreement with EIWA and MOSTEC regarding Sumida's share acquisition -**

We have reached the basic agreement with EIWA Co., Ltd. ("EIWA") and MOSTEC Inc. ("MOSTEC") regarding our majority share acquisition of both companies.

#### **1. Background**

Being specialized in manufacturing electronic components and modules based on coil technology, we are focusing on growing power electronics markets as a new business opportunity which is related to development of environment protection and conservation of energy.

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Following our mid-term business plan “Triple Ex”, we are actually taking proactive measures not only to further develop our core automotive business where energy saving and electronic-controlling technology are prevailing, but also to create new businesses especially for industrial electronics, energy-environment fields. In this respect, we plan to consolidate technologies that would complement our existing ones in order to enhance our capability to create higher value-added products based on our current components. To do this, we are very active to ally with and/or acquire suitable companies that have such technologies.

EIWA engages in development, manufacturing and sales of electronics devices including transformers and coils for switching supplies, and MOSTEC is specialized in developing coils and transformers for primary source for industry use. Both companies have been keeping close relationships with trusted customers owing to their outstanding technologies, and their main businesses are promising in the future which we expect would accelerate further development in the new business fields on which we focus.

This time, judging that integrating Sumida, EIWA and MOSTEC’s technology, manufacturing and sales competency would bring the competitive advantage so that three companies can cope with the growing business fields, we came to the basic agreement with EIWA and MOSTEC as of today that they will become the subsidiaries of Sumida through its majority shareholding. We plan to further discuss with both companies regarding the transaction details (e.g. conditions of share purchase, schedule) which will be announced to you in due course.

## **2. Expected Business Effect after Share Purchase**

By integrating the businesses of EIWA and MOSTEC through majority shareholding, we strongly expect the following synergy effects while expanding existing businesses:

### **(1) Wider-range of Product Lineups**

Not just adding EIWA and MOSTEC’s product lineups to Sumida, we plan to promote developing following product categories by utilizing both companies’ technologies:

- ① Environment-related fields  
e.g. coils for solar or wind power generators
  - ② Electronic components for automotives  
e.g. in addition to existing product lineups, transformers and high current coils for hybrid vehicles and electronic vehicles
  - ③ Electronic components for industry or medical usage, OA equipments,
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communication devices

e.g. transformers and coils for primary source of industry or communication equipments

## (2) Expansion of Customer Range

By utilizing customer databases of EIWA and MOSTEC, we expect to further expand sales channel of the product group especially for automotive and industry equipment.

### 3. Outline of EIWA Co., Ltd.

(1)	Company Name	EIWA Co., Ltd.
(2)	Representative	Representative Director and President Mr. Tomohiro Kashina
(3)	Address	1-20-23 Kamiikedai, Ota-ku, Tokyo, Japan
(4)	Incorporation	June, 1972
(5)	Major Business	High-frequency transformers, Unit for switching power supplies, motor coils and stator coils for HDDs
(6)	Major Operation Sites	Japan: Nagano and Aomori (Manufacturing, Sales) Outside Japan: Thailand (Manufacturing), Guangdong, China (Manufacturing), Hong Kong (Sales)
(7)	Financial Year End	March 31
(8)	Employees	3,000 (including subsidiaries)
(9)	Net Sales	6,046 million yen (as of March 31, 2008)
(10)	Capital	261,200 thousand yen
(11)	Listed or Unlisted	Unlisted

### 4. Outline of MOSTEC Inc.

(1)	Company Name	Mostec Inc.
(2)	Representative	Representative Director Mr. Takeo Kawashima
(3)	Address	47-1 Miyazu Haisaki, kyotanabe-City, Kyoto, Japan
(4)	Incorporation	January, 1970
(5)	Major Business	coils for primary source used in electric vehicles, wind-power generators and other industrial machineries, transformers for ultra-thin power supplies
(6)	Financial Year End	September 30
(7)	Employees	15
(8)	Net Sales	170 million yen (as of September 30, 2007)
(9)	Capital	40,000 thousand yen
(10)	Listed or Unlisted	Unlisted

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## **5. Impact on Sumida's Financial Results**

Aiming to reach final agreement (enter into share transfer agreement), we will further negotiate with EIWA and MOSTEC. With reaching final agreement, both companies will be the consolidated subsidiaries of Sumida. As transaction details (e.g. conditions of share purchase, schedule) are not settled at this moment, we will inform you of the impact on financial results in due course.

## **II. Manufacturing <Sumida Silk Road>**

### **- Launch of a satellite factory -**

We have launched a satellite factory in Nanning, Guangxi in China.

#### **1. Background of launch of Nanning Factory**

Under the mid-term business plan "Triple Ex", we are in the midst of enhancing our manufacturing strategy based on the concept "Sumida Silk Road" in order to further sharpen the low cost mass production capability in Asia (Please refer to our press release disclosed on March 22, 2008). Considering the current market environment in China such as a surge of labor cost and RMB exchange rate, the concept specifically focuses on developing satellite factories in lower cost locations while maintaining a close link with the existing center of expertise and excellence in Panyu, Guangzhou, Guangdong.

This time, we have launched our first satellite factory, Nanning Factory under newly incorporated Sumida Electric (Guangxi) Co., Ltd. in Nanning, Guangxi, PRC. Guangxi (Population: 50 mil.), which is located next to Guangdong in the east side and share a common border with Vietnam in southwest side, plays an important role nowadays as a communication hub between China and ASEAN countries. The area also provides favorable investment treatment for foreign enterprises following the development promotion policy for inland China by the central government. Its capital city, Nanning, has not only an excellent transportation system (international airport, railways and highways) but offers lower labor cost compared to Guangdong which would allow us to enjoy cost reduction.

In order to control stable labor cost from the mid-long term view point as well as to further enhance the supply structure for providing high quality and cost competitive products for the customers, we will strive to proceed launching the second and the third satellite factories.

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## 2. Outline of Nanning Factory

(1) Address	China-Asean Advanced Business Park, No. 3 Zongbu Road, Nanning City, Guangxi, PRC
(2) Total Floor Area	11,841.8 m <sup>2</sup> (5 floors)
(3) No. of Workers	About 300 (as of Sep 12, 2008) We plan to increase the number up to 1,500.
(4) Products	Power Inductor etc.

For Reference: Outline of Sumida Electric (Guangxi) Co., Ltd.

(1) Company Name	Sumida Electric (Guangxi) Co., Ltd.
(2) Capital	20 million HKD (invested 100% by Sumida Group)
(3) Representative	Mr. He Wei Hong
(4) Business Nature	Manufacture and Sales of Electronic Parts

## 3. Overview of Nanning Factory



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