
22 November 2005

Company Name **SUMIDA CORPORATION**
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Notice on Verdict of U.S. Patent Litigation

This is to notify that on Nov. 17, 2005(U. S. Eastern Time) a jury verdict was delivered upon a Taiwanese subsidiary of SUMIDA CORPORATION in the U.S. Patent infringement litigation upon certain U.S. patent, the executed verdict form of which was received on Nov. 21, 2005, as follows:

1. Outline of Defendants

Name of Defendants : Taiwan Sumida Electronics Inc. ("Taiwan Sumida")
Location of Defendants: Taipei, ROC
Representative : Chiu Ka Sheung

2. Venue of and Date on which the litigation was first filed and the verdict was delivered

U.S. Federal District Court, Eastern Division of Texas:
Suit filed Jan. 7, 2003, and Verdict delivered Nov. 17, 2005

3. Plaintiffs

O2 Micro International Limited, a Cayman Islands corporation ("O2 Micro")

4. Substance and Particulars of Litigation

(a) Particulars leading to litigation

Taiwan Sumida has been purchasing not only from O2 Micro, first supplier, but from Monolithic Power Systems, Inc. ("MPS") as second supplier inverter controllers mounted within inverter modules. Between O2 Micro and MPS several litigations have been raised to dispute over infringement and invalidity of certain patents owned by both parties pertaining to inverter controllers. Taiwan Sumida has been purchasing the alleged MPS products, relying upon MPS's assurance that the products do not infringe upon certain patent and upon U.S. patent attorney's legal opinion that no infringement is found.

(b) Substance of litigation

O2 Micro filed a suit to seek damages and injunction, alleging that U.S. Patent No. 6,396,722 on inverter controllers owned by O2 Micro (the "Patent") was infringed by TSE.

5. Substance of Verdict

- (i) The verdict finds that Taiwan Sumida's inverter modules containing MP1010, 1011 and 1015 (*) infringe upon Claims 1, 2, 9, 12 and 18 of the Patent.
- (ii) It also finds that the Patent is valid.
- (iii) It further finds that the infringement is willful.

6. Prospects

TSE intends to file an appeal to an appellate court CAFC against the expected judgment, depending upon the substance.

An agreement has been reached on damages by and between Taiwan Sumida and O2 Micro, provided, however, that Taiwan Sumida is free to argue the substances of Items (iii) and (iv) below, as follows:

- (i) No burden of proof shall be borne by both parties, all the matters concerning damages being stipulated as in the succeeding Items (ii) and (iv).
- (ii) Actual damages shall be determined at the judge's discretion not to exceed US\$2 million.
- (iii) If willful infringement is found, punitive damages shall be determined at the judge's discretion, the enhancement multiplier not to exceed two.
- (iv) If willful infringement is found, attorneys' fees shall be determined not to exceed US\$3 million.

Therefore, by virtue of the expected judgment the maximum amount Taiwan Sumida will have to pay for damages can be US\$7 million. As for the injunction on which no order has been issued with injunction not enforced, Taiwan Sumida is planning to take immediate measures for shifting over to inverter controllers which would have no suspect of infringing upon the Patent.

7. Influences upon Closing of Consolidated Accounts

It is observed under such circumstances that the judgment is expected to be delivered in the year 2006, that until then no damages could be fixed and that an appeal to CAFC is expected dependent upon the substance of the judgment that the present verdict would have no influences upon the closing of consolidated accounts as at Dec. 31, 2005.

(*) indicate part numbers of inverter controllers manufactured by MPS.
