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SUMITOMO ELECTRIC

**SOITEC AND SUMITOMO ELECTRIC SIGN
SMART CUT™ LICENSING AGREEMENT**

**Major step in joint partnership to develop market of GaN substrates
for high-performance LED lighting applications**

Bernin, France and Osaka, Japan, February 21, 2013 — Soitec (Euronext), a world leader in generating and manufacturing revolutionary semiconductor materials for the electronics and energy industries, and Sumitomo Electric Industries, Ltd., a leading worldwide provider of compound semiconductor materials, have signed a licensing and technology-transfer agreement under which Sumitomo Electric will use Soitec's proprietary Smart Cut™ technology to manufacture engineered gallium nitride (GaN) substrates. This announcement is a key step in the ongoing strategic alliance, launched in December 2010 to leverage Sumitomo Electric's expertise in materials technology and Soitec's unique Smart Cut layer-transfer technology to develop the global market for GaN substrates used in high-performance light-emitting diode (LED) lighting applications.

The joint development program between Soitec and Sumitomo Electric already successfully demonstrated the capability to produce four- and six-inch engineered GaN substrates in a pilot production environment. High-quality, ultra-thin layers of GaN have been repeatedly transferred from a single source wafer onto multiple substrates developed by Sumitomo Electric. The engineered wafers have exhibited high functionality at a low production cost. Having proven the effectiveness of the technology-transfer process, Sumitomo Electric will now industrialize the product and invest in Smart Cut technology.

"Today's announcement represents a very important step in the material roadmap for the compound semiconductor market, and a first step in our strategy," said Frédéric Dupont, vice president of Soitec's Specialty Electronics Business Unit. "This is the first licensing agreement of our Smart Cut technology to leverage a reusable, expensive base material to bring an economically viable process to this field. Sumitomo Electric's proven track record in innovative materials development and their in-house manufacturing expertise are key assets in developing the most cost-effective substrate material for high-quality LEDs."

Yoshiki Miura, general manager of the Compound Semiconductor Materials Division at Sumitomo Electric, said, "By combining the two innovative technologies – Soitec's Smart Cut technology and our high-quality, large-diameter, free-standing GaN substrates – we are able to offer a high-value proposition to our LED customers. Soitec's unique material-transfer technology enables the reuse of GaN wafers several times, achieving a substantial reduction in the cost of high-quality GaN materials to serve high-volume applications."

Soitec's Smart Cut technology has been developed in collaboration with the CEA-Leti of France, one of the world's premier microelectronics research laboratories. It uses both implantation of light ions and wafer bonding to respectively define and transfer ultra-thin, single-crystal layers from one substrate to another. It works like an atomic scalpel, allowing active layers to be managed independently from the supporting mechanical substrate. The technology enables the development of new families of standard and custom engineered wafers. It was made viable for high-volume commercial production by Soitec, and is now protected by more than 3,000 Soitec-owned or controlled patents worldwide. Today, Soitec leverages the Smart Cut technology to manufacture engineered wafers for the world's leading chipmakers, and holds exclusive rights to use and license this technology to third-party materials and process suppliers.

About Sumitomo Electric Industries, Ltd.:

Sumitomo Electric Industries, Ltd. designs, manufactures and sells a wide range of products from optical fibers, cables and components to electronic devices and automotive parts. Through effective research and diversification, Sumitomo Electric has become one of the world's leading companies in the information and communication technology field. Drawing on its world-class research and manufacturing capabilities, Sumitomo Electric continues to expand and strengthen its portfolio of optical products while maintaining industry-leading levels of reliability. The company operates in more than 30 countries with over 200,000 employees. Sumitomo Electric reported group net sales of \$25 billion for the fiscal year ended March 2012. For more information about Sumitomo Electric, visit the web site at <http://global-sei.com/>.

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About Soitec:

Soitec is an international manufacturing company, a world leader in generating and manufacturing revolutionary semiconductor materials at the frontier of the most exciting energy and electronic challenges. Soitec's products include substrates for microelectronics (most notably SOI: Silicon-on-Insulator) and concentrator photovoltaic systems (CPV). The company's core technologies are Smart Cut™, Smart Stacking™ and Concentrix™, as well as expertise in epitaxy. Applications include consumer and mobile electronics, microelectronics-driven IT, telecommunications, automotive electronics, lighting products and large-scale solar power plants. Soitec has manufacturing plants and R&D centers in France, Singapore, Germany, and the United States. For more information, visit: www.soitec.com.

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