FDK

Allocation of new shares (ordinary new shares and preferred shares) to third parties, changes in its parent company and principal shareholders and further reform of business structure

Tokyo January 19, 2004, FDK CORPORATION ("the company") announced that the board of directors of the Company made a resolution about holding of an extraordinary general shareholders' meeting on March 12, 2004 at its meeting today. The extraordinary general shareholders' meeting is going to discuss (1) Allocation of new ordinary shares to a third party; (2) Modification of the article of association.

In addition, the company announced the changes in its parent company and principal shareholders as the company agreed in principal with Oaktree Capital management LLC ("OCM") that the company will allocate ordinary shares to special purpose company ("OCM fund"), a special purpose vehicle in which a fund operated by OCM has 100% of its interests. The company also basically agreed to issue new preferred shares to its parent company Fujitsu Limited. Furthermore, the efforts in the reform of business structure are also announced.

1. Back ground and purpose

The company is in the process of a drastic restructuring of business structure in Japan and overseas to cope with the market environmental change. However, in the process, net worth of the company is damaged by the accumulated loss in the previous years and the extraordinary loss from the business restructuring and the recovery of the net worth is one of the urgent management issues.
In order to strengthen the financial conditions and carry out the further business restructuring, the company agreed in principal to issue new ordinary shares to OCM and to issue new preferred shares to Fujitsu Limited, the parent company. Therefore, the company submits the following to the extraordinary general meeting for discussion to implement the issuances.

(1) The issue of new ordinary shares by allocation to a third party

1)	Maximum number of new shares issued	Ordinary shares	45,000,000 shares
2)	Issue price	Per share	¥180
3)	Method of decision about the issue price		By negotiations with OCM
4)	Maximum total amount issued		¥8,100,000,000
5)	Amount capitalized	Per share	¥90
6)	Maximum total amount capitalized		¥4,050,000,000
7)	The target and number of allocation	OCM Fund 45,000,000 shares.	

8) The above is subject to the approval by the extraordinary general shareholders' meeting scheduled on march 12, 2004 and the effectiveness of the filling of the Security Registration Statement based on the Securities and Exchange Law.

9) Brief schedule

Extraordinary general shareholders' meeting	March 12, 2004
Meeting of the board of directors	Late March, 2004
Subscription Date	Late March, 2004
Payment Date	Late March, 2004
Effective Date of the issue	Next day of Payment Date

(2) Modification of the article of association

1) Increasing of authorized shares

From current 120,000,000 shares to 200,000,000 shares

2) Regarding to classified shares

Contents: preferred shares, non-voting, convertible, authorized number of 30,000,000 shares.

2. Changes in the parent company and the principal shareholders

After the new ordinary share issued by allocation to OCM Fund, the changes in the parent company and the principal shareholders

	Before	After	Rank order
Fujitsu Limited	50,667,080 shares (61.52%)	50,667,080 shares (39.78%)	1
OCM Fund	0 shares (0.00%)	45,000,000 shares (35.33%)	2

(Note) The numbers in parenthesis are percentages of the number of the total shareholder voting rights, based on 82,252 of the total number of shareholder voting rights as of September 30, 2003.

3. The issue of preferred shares

After the modification of the article of association regarding the increase of the number of authorized shares and the issuance of classified shares approved by the extraordinary general shareholders' meeting scheduled on March 12, 2004, the company plans to issue the preferred shares of 4 billion yen to Fujitsu Limited.

4. The recent business restructures

The company has been pushing forward a restructuring including major staff downsizing. The effects has being reflected on its business performance, however, considering of the changes in the market environment, in order to improve the structure to ensure the profitability in the future, the company decided to implement the restructuring as follows.

Regarding to the unprofitable businesses such as optic parts and radio-frequency wave parts, the company is planning to improve its profitability by enhancing the efficiency of its assets such as impairment of fixed assets. For other business, the company will terminate its manufacturing in Japan and rebuild its business in China within the later half of this fiscal year in order to improve its profitability.

In the future, the company will utilize its feature as a parts maker with consistent technologies from material to circuit area and high-density implement. For the purpose of strengthening our business fundamental, the company will especially concentrate our company resources on hybrid module and power system business. The company will also pursuit of rationalization and thorough cost down by engaging a company wide manufacturing reform.
In addition to such a reform on unprofitable business in this fiscal year, we will develop an operating system which concentrates to those areas to meet the expectation of all of our shareholders and our business partners.