

March 31, 2005

FDK CORPORATION**President & CEO: Toshiharu Sugimoto****Stock exchange listing: The 1st Section of Tokyo Stock Exchange****Stock code: 6955****Contact: Corporate Communication Group, Business Strategy & Planning Dept.****E-mail : narishi@fdk.co.jp****Allocation of New Preferred Shares to a Third Party**

Following a meeting today of its Board of Directors, FDK Corporation (“the Company”) announced that the Company made a resolution about the allocation of new preferred shares to a third party to strengthen the financial conditions.

1. The issue of new preferred shares to a third party.

(1) Type of Shares	Preferred Shares Series 2
(2) Number of New Preferred Shares to be Issued	17,500,000 shares
(3) Issue price	400 yen (per share)
(4) Total amount issued	7,000,000,000 yen
(5) Ammount incorporated into capital	200 yen (per share)
(6) Total amount capitalized	3,500,000,000 yen
(7) Application deadline	April 19, 2005
(8) Payment deadline	April 19, 2005
(9) Starting date of computing dividend	April 1, 2007
(10) The target and number of allocation	Fujitsu, Ltd. 17,500,000 shares

(11)Restrictions on transfer

If the allocated company transfer the preferred shares within 2 years from the issuing date, the allocated company should notice to the Company about its transaction for the disclosure by the Company.

(12)Preferred Dividends**1) Amount of Preferred Dividend**

The amount of preferred dividend (“Preferred Dividend”) per Preferred Share shall be zero (0) until the business year ending on March 31, 2007. In and after the business year commencing on April 1, 2007, the amount of Preferred Dividend per Preferred Share for each business year up to the day immediately preceding the Next Yearly Rate Adjustment Date (as defined below) shall be an amount obtained by multiplying the amount equal to the issue price (400 yen) of Preferred Shares by the yearly rate as provided below (the “Preferred Dividend Rate for the Year”) applicable for the relevant business year. The amount of the Preferred Dividend shall be calculated to four decimal places and rounded to the nearest number at three decimal places. If the calculation result exceeds 12 yen, the amount of the

Preferred Dividend shall be 12 yen.

Preferred Dividend Rate for the Year = Japanese Yen TIBOR (6 months) + 0.75%

The Preferred Dividend Rate for the Year shall be calculated to four decimal places and rounded to the nearest number at three decimal places. The “Yearly Rate Adjustment Date” shall be the first day of April every year, commencing on April 1, 2008 and ending on March 31, 2014. If the relevant Yearly Rate Adjustment Date falls on a bank holiday, the immediately preceding bank business day shall be the Yearly Rate Adjustment Date. The “Japanese Yen TIBOR (6 months)” shall mean the average of figures published by the Japan Bankers Association, as the Japanese Yen 6-month Tokyo Interbank Offered Rate (Japanese Yen TIBOR), at 11:00 a.m. on the two dates (each being hereinafter referred to as a “Preferred Dividend Reference Date”) of (i) April 1, 2007 or the Yearly Rate Adjustment Date (or if any such date falls on a bank holiday, the immediately preceding bank business day) and (ii) October 1 of the same year (or if any such date falls on a bank holiday, the immediately preceding bank business day). If no Japanese Yen 6-month Tokyo Interbank Offered Rate is published on any Preferred Dividend Reference Date, the London Interbank Offered Rate (Euro-yen 6-month LIBOR (on the basis of a 360-day year)) published on-screen by the British Bankers Association at 11:00 a.m., London time, on the same day (or if such day is a bank holiday, the immediately preceding bank business day) or another rate that is recognized to be equivalent thereto shall be used in the calculation of the required average.

2) Preferred Interim Dividends

The Company shall distribute no interim dividend to shareholders owning Preferred Shares (each a “Preferred Shareholder”) or registered pledges with respect to Preferred Shares (each a “Preferred Registered Pledge”).

3) Non-accumulation Clause

If, in a particular business year, the amount of profit distribution payable to the Preferred Shareholders and the Preferred Registered Pledges falls short of the amount of Preferred Dividends, the amount of such shortfall shall not be carried over to the subsequent business year(s) for accumulation.

4) Non-participation Clause

No dividend shall be paid, in the excess of the Preferred Dividend, to any Preferred Shareholder or Preferred Registered Pledge.

(13) Distribution of Residual Assets

In the event of distributing the residual assets of the Company, the amount equal to the issue price (400 yen) per share shall be paid to the Preferred Shareholders and the Preferred Registered Pledges in preference to the shareholders of ordinary shares and the registered pledges with respect to ordinary shares. No distribution, other than as mentioned in the preceding sentence, of the residual assets shall be made to any Preferred Shareholder or Preferred Registered Pledge.

(14) Voting Rights

No Preferred Shareholder has any voting right at the shareholders' meeting.

(15) Repurchase and Cancellation

On and after April 1, 2007, the Company may at any time repurchase any Preferred Shares in accordance with the applicable laws and regulations and cancel such Repurchased Shares for the amount equal to the repurchased price using profits available for distribution to the shareholders.

(16) Right to Claim Redemption

During the period commencing on July 1 and ending on July 31 (the "Redemption Claim Period") every year from 2009 to 2013, any Preferred Shareholder or Preferred Registered Pledge may claim redemption of all or part of the Preferred Shares owned by such Preferred Shareholder or pledged for the benefit of such Preferred Registered Pledge, to the extent of the amount equal to one half (50%) of the profits available for distribution for the business year immediately preceding the business year in which such claim is made. The Company shall complete the redemption procedure within one month from the date of expiry of the Redemption Claim Period and shall pay the amount equivalent to the issue price (400 yen) for each Preferred Share as the consideration for the redemption. If the total amount of redemption claims exceeds the maximum redemption limit provided above, redemption shall be made in proportion to the respective claimed amounts.

(17) Optional Conversion Rights

1) Conversion Claim Period: April 1, 2007 through March 31, 2014

2) Terms of Conversion**A. Conversion Price**

The conversion price shall be the higher of the following amounts on the day (the "Conversion Claim Date") as of which conversion becomes effective due to a conversion claim after the commencement of the Conversion Claim Period:

- (i) 180 yen (the "Minimum Conversion Price"); or
- (ii) the average daily closing price (including a quoted price) of an ordinary share of the Company in ordinary trading at the Tokyo Stock Exchange during 30 trading days (excluding days without closing prices) commencing on the 45th trading day preceding the Conversion Claim Date. (The average shall be calculated to one decimal place and the figure at one decimal place shall be rounded up to the nearest whole yen. However, the maximum limit shall be 400 yen (the "Maximum Conversion Price").

B. Adjustment of Conversion Price

- (1) If, after the issuance of the Preferred Shares, any of items (i) through (iv) below apply, the Conversion Price shall be adjusted by the following calculation formula (the "Conversion Price Adjustment Formula"):

$$\begin{array}{r}
 \text{Adjusted Conversion Price} = \text{Conversion Price before adjustment} \times \frac{\text{Number of issued ordinary shares} + \frac{\text{Number of ordinary shares to be issued} \times \text{Paid-in amount per share}}{\text{Market price}}}{\text{Number of issued ordinary shares} + \text{Number of ordinary shares to be issued}}
 \end{array}$$

- (i) When ordinary shares are issued for any paid-in amount less than the market price to be used in the Conversion Price Adjustment Formula, the adjusted conversion price shall apply on and after the day immediately following the payment date; or if there is a date for allotment to shareholders for the purpose of offering, on and after the day immediately following such date.
- (ii) When ordinary shares are issued due to stock split, the adjusted conversion price shall apply on and after the day immediately following the date for allotment to shareholders for the purpose of stock split. However, in the event that the board of directors has adopted a resolution to the effect that on condition that distributable profits are partially incorporated into capital, ordinary shares be issued for such capitalized portion by way of stock split, and if the date for allotment to shareholders for the purpose of stock split is set for any day that falls on or before the day on which the shareholders' meeting adopting the resolution for capitalization of such distributable profits is completed, the adjusted conversion price shall apply on and after the day immediately following the date of such completion.
- (iii) When securities convertible into ordinary shares of the Company at a price less than the market price to be used in the Conversion Price Adjustment Formula are issued, such securities shall be deemed to have been converted in the full amount on the issue date of such securities, or if there is a date for allotment to shareholders for the purpose of offering, at the end of such day; and the adjusted conversion price shall apply on and after the day immediately following such issue date or such allotment date.
- (iv) When securities attached with rights to subscribe for newly issued ordinary shares of the Company at a price less than the market price to be used in the Conversion Price Adjustment Formula are issued, all of the rights to subscribe for newly issued ordinary shares of the Company as attached to such securities shall be deemed to have been exercised on the issue date of such securities, or if there is a date for allotment to shareholders for the purpose of offering, at the end of such day; and the adjusted conversion price shall apply on and after the day immediately following such issue date or such allotment date.

- (2) In addition to the cases described in (1) above, if it is necessary to adjust the Conversion Price due to, among other things, merger, capital reduction, or consolidation of ordinary shares, the Conversion Price shall be adjusted to the amount determined by the board of directors of the Company to be appropriate.
- (3) The conversion price before conversion to be used in the Conversion Price Adjustment Formula shall be the Conversion Price effective as of the day immediately preceding the day on which the adjusted conversion price becomes applicable. The number of issued ordinary shares to be used in the Conversion Price Adjustment Formula shall be the number of issued ordinary shares of the Company as of the date for allotment to shareholders if there is such date, or as of the date one month preceding the day on which the adjusted conversion price becomes applicable if there is no date for allotment to shareholders.
- (4) The market price to be used in the Conversion Price Adjustment Formula shall be the average daily closing price (including a quoted price) of an ordinary share of the Company in ordinary trading at the Tokyo Stock Exchange during 30 trading days (excluding days without closing prices) commencing on the 45th trading day preceding the day on which the adjusted conversion price becomes applicable (or the date for allotment to shareholders in the event of stock split as set forth in the second sentence of item (1)(ii) above). Such value shall be calculated to two decimal places and rounded to the nearest figure at one decimal place.
- (5) In the calculation using the Conversion Price Adjustment Formula, the result shall be calculated to one decimal place and the figure at one decimal place shall be rounded up to the nearest whole yen.

C. The Number of Ordinary Shares to be Issued upon Conversion

The number of ordinary shares of the Company to be issued upon conversion of Preferred Shares shall be as follows:

$$\begin{array}{r} \text{The number of} \\ \text{ordinary shares to} \\ \text{be issued upon} \\ \text{conversion} \end{array} = \frac{\begin{array}{r} \text{The total issue price of Preferred Shares} \\ \text{submitted by the Preferred Shareholders for} \\ \text{conversion} \end{array}}{\text{Conversion Price}}$$

Any fraction of less than one share resulting from the calculation of the number of shares to be issued shall be disregarded.

D. Type of Shares to be Issued upon Conversion:

Ordinary shares

E. The Place of Receipt of Conversion Claims:

The Chuo Mitsui Trust and Banking Co., Ltd., Main Office

F. Effectiveness of Conversion:

A conversion shall become effective when a conversion claim form and the share certificates of the relevant Preferred Shares are received at the place of receipt of conversion claims mentioned in item E above.

(18) One-time Conversion into Ordinary Shares

On the day (the “One-time Conversion Date”) immediately following the last day of the Conversion Claim Period, a Preferred Share for which no conversion claim was made during the Conversion Claim Period shall be converted into ordinary shares in the number obtained by dividing the amount equal to the issue price per Preferred Share by the average daily closing price (including a quoted price) of an ordinary share of the Company in ordinary trading at the Tokyo Stock Exchange during 30 trading days (excluding days without closing prices) commencing on the 45th trading day preceding the One-time Conversion Date. However, if such average exceeds the Maximum Conversion Price, the number of such ordinary shares shall be the number obtained by dividing the issue price per Preferred Share by the Maximum Conversion Price. If such average is less than the Minimum Conversion Price, the number of such ordinary shares shall be the number obtained by dividing the issue price per Preferred Share by the Minimum Conversion Price. If the above-described calculation of the number of ordinary shares results in a fraction of less than one share, such fraction shall be handled analogously to the handling under the Commercial Code of cases where a fractional share of less than one share occurs.

(19) Rights to Subscribe for New Shares, etc.

A. The Company shall not consolidate or split Preferred Shares.

B. The Company shall not grant to the Preferred Shareholders any right to subscribe for new shares, share purchase warrants, or right to subscribe for bonds with share purchase warrants.

(20) Handling of Claimed Conversion or One-time Conversion

The first profit dividends with respect to ordinary shares issued upon conversion of Preferred Shares shall be paid, in the case of conversion claims or the One-time Conversion made during the period from April 1 to September 30, by deeming the conversion to have been made on April 1; or in the case of conversion claims or the One-time Conversion made during the period from October 1 to March 31 of the following year, by deeming the conversion to have been made on October 1.

2. The Bank Handling Applications and Payments for Shares; Place of Handling

Mizuho Bank, Ltd., Hibiya Branch; 1-1-1, Shinbashi, Minato-ku, Tokyo

3. Matters concerning the Transfer Agent

3.1. Name: The Chuo Mitsui Trust and Banking Co., Ltd.

3.2. Address: 3-33-1, Shiba, Minato-ku, Tokyo

3.3. Office: The Chuo Mitsui Trust and Banking Co., Ltd., Main Office