

Fujitsu and TDK Plan Strategic Alliance in Hard Disk Drive Head Business

July 29 2004

Fujitsu Limited and TDK Corporation today announced that they have agreed in principle to form a strategic alliance in the **magnetic hard disk drive head** business.

The agreement covers the following areas:

1. Collaboration in Head Technology

The companies will build a structure for technological collaboration in the field of hard disk drive heads.

2. Joint Venture for Head Manufacture (Processing and Assembly)

Regarding drive-head manufacture (processing and assembly), the companies will launch a new joint venture in the Philippines, where they both have manufacturing operations. TDK is expected to take a 66% stake in the joint venture, and Fujitsu the remaining 34%. Specifically, the drive-head operations at Fujitsu's Philippine subsidiary, Fujitsu Computer Products Corporation of the Philippines, will be combined with TDK's subsidiary, TDK Philippines Corporation (TPC), and TPC will be converted into a joint venture.

Demand for hard disk drives is expanding in a variety of sectors, from servers and storage systems to consumer electronics, and there are continual needs for hard disk drives with ever-larger memory capacities and higher-performance processing capabilities. Moreover, with the growing use of hard disk drives in mission-critical applications, top-notch reliability is essential. The drive head is the key differentiating

component essential to meeting customers' increasingly stringent requirements for quality, performance and capacity. The alliance between Fujitsu and TDK is designed to bring together their respective leading-edge technologies in this field to accelerate product development and delivery, and thereby enhance both companies' businesses.

As a leading global hard disk drive manufacturer, Fujitsu is committed to providing a stable supply of high-quality, high-reliability hard disk drives, and it has comprehensive operations covering the development and production of everything from the drive head to the media to the drive mechanism. The addition of TDK's complementary strengths in drive head technology and know-how through the new alliance will augment Fujitsu's vertically integrated hard disk drive operations and allow greater economies of scale, enhancing its ability to respond to customers' increasingly sophisticated and diverse requirements. Along with ensuring the timely supply of drive heads, it will also make Fujitsu's entire hard disk drive operations more efficient, helping the company to offer hard disk drives with the performance, quality and cost-efficiency that customers expect, and strengthen its overall competitive position in the market.

TDK is a world leader in drive-head technology, responding to continual demands for dramatically higher storage densities by leveraging its particular strengths in the core areas of materials technology to improve magnetic properties and process technology for nano-order precision processing, as well as its world-class mass-production and processing technologies and overall expertise in the field. For TDK, the benefits of collaboration with comprehensive hard disk drive manufacturer Fujitsu will include a stronger foundation for its drive-head operations, and the ability to respond more quickly to customer needs.

Fujitsu and TDK are now discussing details of the agreement and expect to sign a definitive agreement in October of this year.

The original press release can be found [here](#).

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