

Nov. 13, 2008

To whom it may concern

Company name: SMK Corporation  
Represented by Mr. Tetsuya Nakamura,  
President and COO  
Code No. 6798 at the 1st Section of the  
Tokyo Stock Exchange

Company name: YAMAICHI  
ELECTRONICS CO., LTD.  
Represented by Mr. Shunji Orita President  
Code No. 6941 at the 1st Section of the  
Tokyo Stock Exchange

**Basic agreement for management integration  
by establishment of a joint share holding company**

SMK Corporation (SMK) and YAMAICHI ELECTRONICS CO., LTD. (YAMAICHI) are pleased to announce that they resolved during the Board of Directors meeting held on Nov. 13 that they will integrate their management from Oct. 1, 2009 (planned) through establishment of a joint share holding company by means of share transfer and entered into a basic agreement on the same day. The following sets forth details of the resolution.

1. Background and objectives of the management integration through establishment of a joint share holding company (share transfer)

The recent electronic component business climate encompassing both companies is prospective of expansion on a mid-term basis. However, violent fluctuation of crude oil prices and abrupt changes in raw material prices commencing with metals; the necessity of continuous capital investments; decline in product market prices due to keener competition; and, the fast and furious ups and downs of foreign currency exchange rates stemming from the global-based expansion of the financial crisis remain stern, and uncertainty about the future goes on.

For ensured continual business progress under such a common view of the business climate, both companies have concluded that putting them into a single group of companies is the optimal solution, to utilize the fullest extent of the technological expertise and marketing channels both companies have established and to receive maximum synergetic effects, and therefore reached a basic agreement to establish a joint share holding company for management integration via share transfer. Both companies have decided to continue discussing conditions of management integration.

Upon successful completion of the integration plan, both SMK and YAMAICHI will be delisted from the stock exchange market and the joint share holding company to be established following share transfer will apply themselves for listing of their shares.

## 2. Substance of share transfer

### (1) Basic scheme for share transfer

SMK and YAMAICHI will, subject to approval at the stockholders' general meetings to be held by the respective companies in late June 2009, establish a joint stock holding company on Oct. 1, 2009 (planned) via share transfer. Under this newly established company, both companies will be placed as wholly owned subsidiaries.

### (2) Schedule

Nov. 13, 2008	A Board of Directors meeting held by both companies for approval for entry into the basic agreement and the agreement was entered
Late Feb. 2009 (planned)	The ratio of shares to be transferred to be determined.
Mid May, 2009 (planned)	The final agreement by both companies, a Board of Directors meeting for approval of a share transfer plan and for entry into the final agreement, and development of a share transfer plan
Late June 2009 (planned)	A shareholders' general meeting to be held by both companies for approval of the share transfer plan
Sept. 25, 2009 (planned)	Delisting of shares of SMK and YAMAICHI from the stock exchange market
Oct. 1, 2009 (planned)	Filing of registration of a joint share holding company with the share transfer coming into effect
Oct. 1, 2009 (planned)	Listing of shares of the joint share holding

company

The above dates are subject to change upon discussion by both companies, should unavoidable situations adversely affecting this planned management integration arise during processing formalities.

(3) Ratio of shares transferred

The ratio of share transfer will be decided upon by the date of entry into the agreement on the basis of a third-party assessment and subject to discussion between both companies.

(4) Disposition of share warrants and corporate bonds with share warrants of the companies becoming wholly owned subsidiaries

Disposition of share warrants issued by both companies will be decided subject to mutual discussion. Both companies have not issued corporate bonds with share warrants.

(5) Matters regarding share listing after share transfer

The joint share holding company to be established will apply by itself to have its shares listed on the Tokyo Stock Exchange.

3. Outline of the companies involved

(As of Sept. 30, 2008)

(1) Corporate name	SMK Corporation	YAMAICHI ELECTRONICS CO., LTD.
(2) Specifics of business	Manufacturing, marketing and sales of components for telecommunication and electronic equipment in the domestic and overseas markets	Research and development, manufacturing, marketing and sales of connectors, IC sockets for inspection of semiconductors and flexible printed circuit boards
(3) Date of incorporation	Jan. 15, 1929	Nov. 1, 1956
(4) Address of head office	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo	28-7, Nakamagome 3-chome, Ota-ku, Tokyo
(5) Title and name of representative	Mr. Tetsuya Nakamura, President and COO	Mr. Orita Shunji, President
(6) Capital	7,996 million yen	10,013 million yen
(7) Total number of shares issued	79,000,000	20,537,875
(8) Net assets	33,345 million yen (consolidated)	22,432 million yen (consolidated)
(9) Total assets	68,892 million yen (consolidated)	37,444 million yen (consolidated)

(10) Ending date of fiscal years	Mar. 31	Mar. 31
(11) Number of employees	5,636 (consolidated)	3,610 (consolidated)
(12) Main customers	Nokia Corporation Sony Corporation Panasonic Corporation	Renesas Technology Corporation Sharp Corporation NEC Corporation
(13) Major shareholders and their ratios of shares held	Japan Trustee Service Bank, Ltd., 8.5% Nippon Life Insurance Company, 5.1% Mizuho Corporate Bank, 4.7%	SMK Corporation, 4.9% YProsper, 4.4% SUMITOMO MITUI BANKING CORPORATION, 3.2%
(14) Main bank	Mizuho Corporate Bank Mitsubishi UFJ Trust and Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	SUMITOMO MITUI BANKING CORPORATION Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15) Relationship between the two companies	Capital ties	SMK owns 939,000 shares of YAMAICHI and YAMAICHI is a holder of 150,000 shares of SMK.
	Personal relationships	Nil
	Business relationships	Nil

(16) Business performance for the three most recent years

Year of accounting term	SMK (consolidated)			YAMAICHI (consolidated)		
	Performance of fiscal year ending			Performance of fiscal year ending		
	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2006	Mar. 2007	Mar. 2008
Sales amount (M yen)	71,860	79,074	87,659	44,223	40,951	34,772
Operating profit (M yen)	4,290	5,166	5,654	2,058	1,265	448
Ordinary profit (M yen)	5,512	6,190	4,327	2,246	1,155	1,006
Net profit for current year (M yen)	3,473	3,693	2,094	1,230	453	3,353
Net profit per share (yen)	44.33	47.48	27.32	58.65	23.22	176.71
Dividend per share (yen)	10.0	14.0	14.0	15.0	17.0	8.0
Net assets per share (yen)	416.04	445.33	427.75	1467.26	1498.39	1250.16

4. Outline of the joint share holding company being established

(1) Corporate name

To be decided

(2) Specifics of business	To be decided
(3) Address of head office	To be decided
(4) Candidate representative and directors	To be decided
(5) Amount of capital	To be decided
(6) Net assets	To be decided
(7) Total assets	To be decided
(8) Ending month of fiscal years	To be decided
(9) Outline of account processing associated with share transfer	To be decided
(10) Prospects of impacts that share transfers will have on business performance	To be decided

5. Prospects for the future

Prospects for other items will be announced as soon as their specifics have become available.

For more information, please call:

at SMK, Shiro Minami of the Public Relations Department at 81-3-3785-1265, or

at YAMAICHI, Yasuhiko Sasagawa of the Public Relations Section of the Corporate Planning Department at 81-3-3778-6153.