
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Dear SmartDisk Corporation Stockholders:

June 13, 2007

You are cordially invited to attend a Special Meeting of stockholders of SmartDisk Corporation, a Delaware corporation ("**SmartDisk**"). SmartDisk is also sometimes referred to herein as "**we**," "**our**," "**us**," or the "**Company**" and references to SmartDisk following the closing include SMDK Corp. At the Special Meeting, we will discuss the Items of Business listed below, including a proposal to approve the sale, conveyance, transfer and assignment of substantially all of the assets of SmartDisk (the "**Transaction**") to Verbatim Corporation, a California corporation ("**Verbatim**"), or, as the case may be, its parent company, Mitsubishi Kagaku Media Corporation ("**MKM**"). We sometimes refer to Verbatim and MKM together as the "**Buyers**." I direct your attention to the information statement for a more complete description of these matters.

Date and Time of Meeting: July 3, 2007 at 10:00 AM, Florida Time

Location of Meeting: Hampton Inn, located at 9241 Marketplace Road, Ft. Myers, Florida

- Items of Business:**
1. To approve the sale of substantially all of SmartDisk's assets pursuant to the various purchase agreements described more fully below;
 2. To approve a proposal to amend our Restated Certificate of Incorporation to change our corporate name from SmartDisk Corporation to SMDK Corp., conditioned on the Transaction closing; and
 3. Conduct any other business properly presented at the meeting.

After careful consideration and for the reasons described in this information statement, SmartDisk's Board of Directors (the "**Board**") has unanimously determined that (i) the Transaction is advisable and in the best interests of SmartDisk and its stockholders and (ii) the amendment of the Company's Restated Certificate of Incorporation to change our corporate name from SmartDisk Corporation to SMDK Corp., conditioned on the Transaction closing, is advisable and in the best interests of SmartDisk and its stockholders. In connection with the Transaction, SmartDisk has negotiated, executed and entered into, among other related agreements, (i) an Asset Purchase Agreement by and between SmartDisk and Verbatim (the "**Asset Purchase Agreement**") providing for the sale of certain of the property and assets of the Company and (ii) an Intellectual Property Purchase Agreement by and between SmartDisk and MKM (the "**Intellectual Property Agreement**") providing for the purchase and sale of the majority of our intellectual property. We sometimes refer to the Asset Purchase Agreement and Intellectual Property Agreement together as the "**Purchase Agreements**." The Company does not expect to make any distributions to stockholders in connection with the Transaction.

The Board considered a number of factors and consulted with its financial and legal advisors in evaluating and unanimously approving the Purchase Agreements, the Transaction contemplated by the Purchase Agreements and the amendment of our Restated Certificate of Incorporation. The enclosed information statement provides information about the Purchase Agreements, the Transaction and the amendment of our Restated Certificate of Incorporation. We encourage you to read carefully this entire information statement and the documents we refer to in this information statement.

Thank you for your support of SmartDisk. I look forward to seeing you at the Special Meeting.

By order of the Board of Directors,



Michael S. Battaglia, Chief Executive Officer

This Information Statement is first being mailed to SmartDisk Stockholders on or about June 13, 2007.



INFORMATION STATEMENT

JUNE 13, 2007

SUMMARY

This summary highlights selected information regarding the Transaction. We encourage you to read the Purchase Agreements, which are the legal documents that govern these transactions and which may be obtained by request via e-mail to corpcomm@smartdisk.com or by mail to Corporate Communications, SmartDisk Corporation, 12780 Westlinks Drive, Fort Myers, Florida 33913-8019.

Overview

Throughout our history, SmartDisk has been a consistent innovator of portable storage and digital imaging products, but for the last several years, we have continued to struggle to maintain our historical market share due in part to increased competition in the portable storage and digital imaging markets. During this time, our management team has actively pursued various financial arrangements to meet our cash requirements and to stabilize our Company financially in order to compete in the marketplace. In recognition of the financial and management resources being spent on regulatory and other obligations of being a public company, in 2003, SmartDisk made the decision to deregister its public securities, which resulted in a significant cost savings to the Company. Beginning with an investment in December, 2002 as well as on several occasions since, SmartDisk has had to look to Addison Fischer, SmartDisk's Chairman of the Board and a holder of a majority of SmartDisk's stock, for significant infusions of working capital. Despite our collective best efforts at cost reduction, debt restructuring and sales initiatives aimed at sustaining market traction and revenue growth, SmartDisk continues to face persistent financial and operating challenges as a result of its working capital position relative to its much larger competitors. Furthermore, this unstable position often puts the Company at a disadvantage when negotiating payment and related terms with our various vendors and customers. As a result, we have continued to incur financial losses and suffer cash shortages that inhibit the effective operation of our Company.

SmartDisk's struggles to maintain our historical market share also resulted from the infringement of SmartDisk's intellectual property by unlicensed third parties. For example, SmartDisk owns United States Patent Nos. 6,658,202 and 6,987,927 (sometimes referred to herein as the "**FlashTrax Patents**"). These patents generally relate to devices and methods for transferring data from flash memory modules, digital cameras, and like devices to an intermediary repository device such that the data can at some later point in time be transferred to a laptop or desktop computer. The devices embodied by the FlashTrax Patents represented an opportunity for SmartDisk to bring to market a device that has seen tremendous success in the marketplace. Unfortunately, third parties, including but not limited to Archos S.A., a France-based manufacturer of consumer electronics, were able to take the inventions disclosed in the FlashTrax Patents and bring them to market before SmartDisk. Moreover, these companies – when informed of SmartDisk's intellectual property – refused to enter into license agreements or cease infringement. SmartDisk has been forced to expend considerable resources enforcing its intellectual property, thereby putting SmartDisk at a competitive disadvantage in the marketplace. SmartDisk's efforts to enforce its intellectual property against Archos S.A. and Archos, Inc. is sometimes referred to herein as the "**Archos Litigation.**"

It became clear, based on analysis by SmartDisk's management and advisors, that there is substantial doubt in SmartDisk's ability to continue as a going concern without a significant infusion of new capital. Harpeth Capital, LLC ("*Harpeth Capital*"), an investment banking firm, was retained in July, 2006 to evaluate various strategic alternatives, including raising new capital and the sale of the Company, available to SmartDisk. Harpeth Capital approached a number of domestic and international companies engaged in the storage and/or related businesses, including several competitors of SmartDisk, to determine their interest in a potential transaction or other involvement with the Company. Upon the execution of a confidentiality agreement, select parties were provided information prepared by Harpeth Capital and the Company regarding our business, products and financial outlook. Following contact and interaction with a number of parties from October, 2006 through February, 2007, two companies emerged as the most interested and possessing the resources to pursue a potential transaction with SmartDisk. Following additional discussions with these parties, Verbatim's offer was determined to be more attractive to the Company and its stockholders versus other potential alternatives.

As described in more detail in this information statement, pursuant to the Purchase Agreements, Verbatim and its parent company, MKM, will purchase substantially all of SmartDisk's assets in exchange for cash and the assumption of certain liabilities. Following the closing of the Transaction, SmartDisk intends to change its corporate name to SMDK Corp. and will continue to operate with certain retained assets, including the FlashTrax Patents. The Board determined that the Transaction is the best option for the Company and its stockholders.

Reasons for the Sale

In evaluating the Transaction, the Board consulted with the Company's management, financial advisors and legal counsel. In concluding that the Transaction is advisable and in the best interests of SmartDisk and its stockholders, the Board considered a variety of factors including, among others:

- the continued weakness of SmartDisk's balance sheet, working capital position and its inability to expend or attract significant amounts of capital in order to grow the business, combined with ongoing losses in its income statement;
- SmartDisk's significant dependency on Addison Fischer, SmartDisk's Chairman of the Board and a holder of a majority of SmartDisk's stock, for its working capital needs;
- our limited ability to raise additional equity without significant dilution to our stockholders and impairing our ability to use the tax benefit of our net operating losses;
- the increasing competitive nature of the portable storage business, which includes a number of companies that are substantially larger than SmartDisk and possess significant financial resources;
- the increasing competitive pressures we face, including pressures resulting from the continued consolidation of our customer base, and management's belief that these pressures were likely to continue to increase due to the likelihood of further consolidation in the portable storage and digital imaging industry as well as the increasing competitive pressures we face internationally;
- the infringement and exploitation of SmartDisk's intellectual property by third parties and the costs and time required to enforce said intellectual property;
- the conclusion, after conducting an extensive review of our financial condition, results of operations and business and revenue prospects, by management and the Board that continuing to operate independently was not reasonably likely to create greater value for our stockholders over the next 12 to 18 months unless substantial additional capital was raised, which management and the Board believed would be highly dilutive to stockholders, and profitable related businesses were acquired, which we had no assurance could be accomplished; and

- our belief that, after evaluating various strategic alternatives and conducting an extensive review of our financial condition, results of operations and business and revenue prospects, continuing to operate independently was not reasonably likely to create greater value for our stockholders as compared to the value obtained for the stockholders pursuant to the Purchase Agreements.

Purpose of the Information Statement

Addison Fischer, the holder of a majority of SmartDisk's stock, has advised the Company that he will vote to approve the Purchase Agreements and the proposal to amend our Restated Certificate of Incorporation to change the Company's name and, as such, approval by the holders of a majority of SmartDisk's outstanding stock is assured. The Company, therefore, has decided not to solicit proxies from its stockholders in connection with the Special Meeting. The purpose of this information statement is to invite you to attend and participate in the Special Meeting being held for the purpose of approving the Purchase Agreements, the Transaction and amendment of our Restated Certificate of Incorporation and to inform you of the material terms regarding such matters.

The Board has unanimously approved the Purchase Agreements and the Transaction and has unanimously determined that the terms and conditions of the Transaction are advisable and in the best interests of the Stockholders. The Board has further recommended that the Company's stockholders vote in favor of approval of the Purchase Agreements and the Transaction.

PROPOSAL ONE: APPROVE THE SALE OF SUBSTANTIALLY ALL OF SMARTDISK'S ASSETS PURSUANT TO THE PURCHASE AGREEMENTS

Purchase Price under the Purchase Agreements and Related Transaction Documents

Upon Stockholder approval and closing of the Transaction, pursuant to the terms and conditions of the Purchase Agreements and certain related agreements,

The purchase price for the assets sold by SmartDisk to Verbatim pursuant to the Asset Purchase Agreement will be Three Million Four Hundred Fifty Thousand Dollars (\$3,450,000). The purchase price for the intellectual property sold by SmartDisk to MKM pursuant to the Intellectual Property Agreement shall be Two Million Five Hundred Fifty Thousand Dollars (\$2,550,000). SmartDisk is also selling all or substantially all of its inventory, including the inventory of its European subsidiary, pursuant to the Asset Purchase Agreement and related agreements. The purchase price for the inventory will be determined in connection with the closing, subject to adjustment, in accordance with an inventory statement that will be prepared by SmartDisk and reviewed by Verbatim. The purchase price for the inventory is currently estimated to be Three Million Five Hundred Thousand Dollars (\$3,500,000), assuming the closing occurs on or about July 3, 2007. The total consideration expected to be received by SmartDisk, or paid to third party creditors on behalf of SmartDisk, in connection with the Transaction is approximately Nine Million Five Hundred Thousand Dollars (\$9,500,000.00). Of the gross amount of consideration received in connection with the Transaction, Two Million Dollars (\$2,000,000) will go into an escrow account on the date of the closing of the Transaction (the "**Closing Date**") to satisfy any breaches of certain representations and warranties that may occur during the eighteen month period following the closing of the Transaction. For more information regarding our indemnification obligations pursuant to the Purchase Agreements, see the section titled "Indemnification under the Purchase Agreements" below.

Description of Assets to be Sold Pursuant to the Purchase Agreements

Pursuant to the Purchase Agreements and related documents, with the exception of certain assets that will be retained by the Company, we will sell, convey, assign and transfer to Buyers all right, title and interest to all assets, properties and rights necessary for the operation of our business as it is currently conducted.

Description of Liabilities to be Assumed Pursuant to the Purchase Agreements

Pursuant to the Purchase Agreements and related documents, Buyers will assume and agree to pay, perform and discharge certain liabilities and obligations of SmartDisk arising after the Closing Date in connection with the contracts that are assigned to Buyers.

Description of Assets to be Retained Pursuant to the Purchase Agreements

Following the Transaction, we anticipate having the following assets: any cash on hand or cash equivalents; all trade receivables as of the Closing Date; certain intellectual property; and certain patents. We will enter into an Accounts Receivable Agreement with Verbatim to assist us with the collection of our trade receivables for the 12 months following the Closing Date. We presently estimate our net trade receivables as of the Closing Date to be approximately Four Million Dollars (\$4,000,000). In addition, SmartDisk will retain rights to any awards, recoveries or settlements in connection with SmartDisk's prosecution of its claims against Archos S.A. and Archos, Inc. for the infringement and exploitation of SmartDisk's intellectual property. The Company may also prosecute similar infringement claims against other third parties.

Description of Liabilities to be Retained Pursuant to the Purchase Agreements

Pursuant to the Purchase Agreements and related documents, SmartDisk is retaining certain liabilities and obligations for which we will continue to be responsible after the closing of the Transaction, including, without limitation, liabilities arising prior to the Closing Date; certain trade payables; liabilities related to employees; product liability claims; warranty claims; adverse claims and litigation matters arising out of events or conditions occurring prior to the Closing Date; and taxes of the Company. Following the Closing Date, we anticipate our material liabilities will include, without limitation: a secured note payable to Addison Fischer in the amount of Nine Hundred Thousand Dollars (\$900,000); a Termination and Release Agreement with Zio Corporation ("**Zio**") that was entered into by SmartDisk in connection with Zio's consent to the sale of assets and waiver of certain rights, pursuant to which SmartDisk may owe up to Four Hundred Thousand Dollars (\$400,000) under certain conditions; certain trade accounts payable and accrued expenses incurred in the ordinary course of business in an estimated amount of Six Million Four Hundred Thousand Dollars (\$6,400,000); and closing and exit costs that will not be paid on the Closing Date as described more fully in the section herein titled "Sources and Uses of Proceeds from the Proposed Transaction."

In addition to the certain liabilities described in the paragraph above, the Company is involved in, and will retain liabilities and obligations related to an action titled *Van Riper v. SmartDisk Corporation*, California Superior Court, Los Angeles County, Case No. BC348134, filed February 28, 2006 (the "**Van Riper Matter**"). The complaint is a consumer class action alleging that SmartDisk products are packaged in such a way that consumers were mistakenly led to believe that they were purchasing more storage capacity than was actually available for use. SmartDisk has filed an answer to the complaint and intends to aggressively defend itself against the allegations of the Van Riper Matter. Part of SmartDisk's defense is that all of its current packaging clearly states the manner in which storage capacity is measured. The parties are currently engaged in discovery; no trial date has been set.

Representations and Warranties under the Purchase Agreements

In the Purchase Agreements, we make certain customary representations and warranties to Buyers, and subject to certain limitations, we have agreed to indemnify Buyers for any breach of the representations and warranties. In the Purchase Agreements, Buyers make certain customary representations and warranties to us and, subject to certain limitations, Buyers have agreed to indemnify us for any breach of the representations and warranties.

Conduct of Business Pending the Transaction

Pursuant to the Purchase Agreements, we have agreed to certain customary covenants, including to carry on our business in the ordinary course and in a manner consistent with past practice; use reasonable best efforts to keep available the services of our current officers, employees and consultants and to preserve our present business relationships; have in effect and maintain in all material respects insurance substantially of the kinds and in the amounts as are in effect as of the date of the Purchase Agreements; and provide Buyers and their representatives access at reasonable times to the Company's officers, employees, agents, properties, offices and other facilities, as well as to our books and records.

Conditions to Closing of the Transaction

The Transaction is subject to the satisfaction or waiver of various conditions. Buyers and the Company are not obligated to effect the Transaction unless those conditions are satisfied or waived.

Indemnification under the Purchase Agreements

SmartDisk has agreed to indemnify Buyers from and against any and all losses, costs, expenses, claims, causes of action and liabilities, including, but not limited to, attorneys' fees and costs and expenses of enforcement or defense that may be suffered or paid by Buyers or any of Buyers' representatives, directly or indirectly, as a result of or arising out of certain events or occurrences, which are set forth more specifically in the Purchase Agreements. SmartDisk's aggregate indemnification obligation shall not exceed Two Million Dollars (\$2,000,000) and SmartDisk's indemnification obligation shall not arise until Buyers' collective aggregate damages exceed One Hundred Thousand Dollars (\$100,000). At such time as Buyers' collective aggregate damages exceed One Hundred Thousand Dollars (\$100,000), SmartDisk shall be liable for the amount due pursuant to its indemnification obligations, including the One Hundred Thousand Dollars (\$100,000).

There are certain dispute resolution mechanisms included in the Purchase Agreements requiring SmartDisk and Buyers to attempt in good faith to resolve any claim or controversy prior to initiating any suit, action or other proceeding related to the Purchase Agreements or any other agreement related to the Transaction.

Termination of the Purchase Agreements

The Purchase Agreements may be terminated by either Party, if (i) there has been a misrepresentation, breach of warranty or breach of a covenant that has not been cured within ten (10) days after written notification of it to the other party; or (ii) the Transaction has not closed by July 15, 2007. If the Purchase Agreements are terminated as described above, all rights and obligations of SmartDisk and each of the Buyers shall terminate without any termination fee or other liability to the other party.

SOURCES AND USES OF PROCEEDS FROM THE PROPOSED TRANSACTION

If the closing of the Transaction occurs based on a cash purchase price of Nine Million Five Hundred Thousand Dollars (\$9,500,000.00), we estimate that the Company will apply the cash payment and its existing cash balances as follows:

<u>Sources of Funds in Connection with Proposed Transaction:</u>	<u>Estimated Amounts as of July 3, 2007</u>
Sale of Assets	\$ 3,450,000.00
Sale of Intellectual Property	\$ 2,550,000.00
Estimated Sale of Inventory	<u>\$ 3,500,000.00</u>
Total.....	<u>\$ 9,500,000.00</u>
Total Funds Available at Closing:	
Proceeds from the Transaction	\$ 9,500,000.00
Funds Placed in Escrow Account at Closing.....	\$ (2,000,000.00)
Estimated Cash on Hand at Closing	<u>\$ 700,000.00</u>
Total Funds Available at Closing	<u>\$ 8,200,000.00</u>
 <u>Use of Funds in Connection with Proposed Sale:</u>	
Silicon Valley Bank.....	\$(1,700,000.00)
Addison Fischer ¹	(5,000,000.00)
Zio Corporation ²	(400,000.00)
Michael S. Battaglia Change of Control Payment ³	(330,000.00)
Financial Advisory Fees ⁴	(315,000.00)
Legal Fees ⁵	(60,000.00)
Funding of Escrow for ARCHOS Litigation	(250,000.00)
Various Closing and Exit Expenses ⁶	<u>(51,000.00)</u>
Total	<u>\$(8,106,000.00)</u>

¹ At closing, Mr. Fischer will be paid \$5,000,000 of the estimated \$5,900,000 that will be owed to him at the time of the closing. See "Description of SmartDisk's Relationship and Arrangements with Addison Fischer" for more information.

² The Payment to Zio of \$400,000 on the Closing Date includes amounts contractually owed to Zio and amounts paid as consideration for Zio's consent to the sale of assets and waiver of certain rights, including a right of first refusal. SmartDisk may owe additional amounts not to exceed \$400,000 in the aggregate to Zio after the closing of the Transaction. See "Description of SmartDisk's Relationship and Arrangements with Zio Corporation" for more information.

³ See "Description of SmartDisk's Relationship and Arrangements with Michael S. Battaglia" for more information.

⁴ An additional \$100,000 of financial advisory fees will be payable within thirty (30) days of the Closing Date.

⁵ An estimated additional \$40,000 of legal fees will be payable within thirty (30) days of the Closing Date.

⁶ Includes expenses related to assignment of the lease of our offices and certain employee benefit and severance expenses. Additional expenses of approximately \$387,000 are expected to be owed within thirty (30) days of the Closing Date.

DESCRIPTION OF CERTAIN RELATIONSHIPS AND ARRANGEMENTS

Description of SmartDisk's Relationship and Arrangements with Addison Fischer

Addison Fischer is SmartDisk's Chairman of the Board, a holder of a majority of the Company's stock and a secured creditor of the Company. Mr. Fischer currently has a second lien on substantially all of the Company's assets. Such lien on the assets being sold to the Buyers will be released at closing. Of the approximately Five Million Nine Hundred Thousand Dollars (\$5,900,000) that is owed to Mr. Fischer on the Closing Date, Mr. Fischer has agreed to defer payment of Nine Hundred Thousand Dollars (\$900,000) to a later date. Following payment to the first lien holder upon closing, Mr. Fischer will become first lien holder on most assets retained by the Company in connection with the Company's outstanding debt owed to him following the Closing Date.

Description of SmartDisk's Relationship and Arrangements with Michael S. Battaglia

Michael S. Battaglia is SmartDisk's President and a Board Member. Pursuant to Mr. Battaglia's employment agreement with SmartDisk, Mr. Battaglia will be paid Three Hundred Thirty Thousand Dollars (\$330,000) in satisfaction of the change of control provision triggered by the Transaction. Mr. Battaglia has agreed to waive Four Hundred Thirteen Thousand Dollars (\$413,000) of severance payments that would otherwise be owed to him pursuant to his employment agreement with the Company.

Description of SmartDisk's Relationship and Arrangements with Zio Corporation

Pursuant to an agreement between Zio and SmartDisk dated as of August 31, 2005, Zio had a right of first refusal and certain other rights in the event SmartDisk conveyed, transferred or otherwise disposed of certain of its assets. To facilitate the Transaction, Zio has agreed to terminate the agreement referenced above, waive any rights of first refusal and release any claims, disputes and controversies between Zio and SmartDisk in exchange for a payment of Four Hundred Thousand Dollars (\$400,000) promptly following the Closing Date, including Two Hundred Thousand Dollars (\$200,000) otherwise currently owed to Zio and an additional payment of up to Four Hundred Thousand Dollars (\$400,000) owed by SmartDisk following the Closing Date, conditioned upon SmartDisk attaining certain financial targets.

Andrew Warner, SmartDisk's Chief Financial Officer, is the Chief Executive Officer and majority stockholder of Zio. Mr. Warner has agreed to waive the severance payment of One Hundred Thousand Dollars (\$100,000) that would otherwise be owed to him pursuant to this employment arrangement with the Company.

OPERATION OF SMARTDISK'S BUSINESS POST-CLOSING

After the closing of the Transaction, the primary business of SMDK Corp. will be to generate income from the Company's patent portfolio. This income may originate from license arrangements or patent litigation, such as the ongoing *SmartDisk v. Archos* patent infringement suit. Specifically, the Company's patents are:

- U.S. Patent No. 6,658,202 entitled "Portable data transfer and mass storage device for removable memory modules." This patent covers SmartDisk's award-winning FlashTrax multimedia storage products and a wide range of similar devices.
- U.S. Patent No. 6,987,927 entitled "Enhanced digital data collector for removable memory modules". This patent is a continuation in part of U.S. Patent No. 6,658,202 and it affirms and extends the intellectual property protection of our FlashTrax and FlashTrax XT products in the digital multimedia storage market.

In addition, the Company has certain patent applications related to the above.

Following the closing of the Transaction, SmartDisk will continue its prosecution of claims against third parties, including without limitation Archos S.A. and Archos, Inc., for infringement of the FlashTrax Patents. Tentative settlement has been reached among SmartDisk, Archos S.A. and Archos, Inc. in connection with the Archos Litigation and the parties have entered into a non-binding memorandum of understanding related thereto. If SmartDisk enters into a definitive settlement agreement related to the resolution of the Archos Litigation, the Company will provide more information to our stockholders regarding the details of such settlement at that time, subject to the confidentiality provisions of the applicable settlement agreements. In the event that a settlement is not consummated in connection with the Archos Litigation, SmartDisk will continue to prosecute its claims against Archos S.A. and Archos, Inc. In addition, SmartDisk will evaluate the assertion of its patents against other third parties that are infringing.

**PROPOSAL TWO: APPROVE THE AMENDMENT
OF THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION**

Our Board proposes to amend Article First of our Restated Certificate of Incorporation to change our corporate name from SmartDisk Corporation to SMDK Corp., conditioned on the Transaction closing. By voting to approve the amendment to the Restated Certificate of Incorporation, stockholders will authorize the Board to amend the Restated Certificate of Incorporation to change our corporate name from SmartDisk Corporation to SMDK Corp. after the Transaction closes. Approval of the proposed amendment to the Restated Certificate of Incorporation to change our corporate name from SmartDisk Corporation to SMDK Corp. requires the affirmative vote of the holders of a majority of the issued and outstanding shares of our stock. Addison Fischer, the holder of a majority of SmartDisk's stock, has advised the Company that he will approve the Purchase Agreements and the proposal to amend our Restated Certificate of Incorporation and, as such, approval by the holders of a majority of SmartDisk's outstanding stock is assured. We encourage you to read the amendment in its entirety, as it is the legal document that will effect the proposed change to our Restated Certificate of Incorporation. The form of the amendment is available by request via e-mail to corpcomm@smartdisk.com or by mail to Corporate Communications, SmartDisk Corporation, 12780 Westlinks Drive, Fort Myers, Florida 33913-8019.

RECORD DATE; SHARES ENTITLED TO VOTE

The record date for the Special Meeting of SmartDisk stockholders is June 5, 2007. This means that you must have been a stockholder of record of SmartDisk's stock at the close of business on June 5, 2007, in order to vote at the Special Meeting. You are entitled to one vote for each share of stock you own.

VOTE REQUIRED

The approval of the Purchase Agreements and the approval of the proposal to amend our Restated Certificate of Incorporation each require the affirmative vote by the holders of a majority of SmartDisk's outstanding stock. Addison Fischer, the holder of a majority of SmartDisk's stock, has advised the Company that he will approve the Purchase Agreements and the proposal to amend our Restated Certificate of Incorporation and, as such, approval by the holders of a majority of SmartDisk's outstanding stock is assured. The Company, therefore, has decided not to solicit proxies from its stockholders in connection with the Special Meeting.

NO APPRAISAL RIGHTS FOR SMARTDISK STOCKHOLDERS

Holders of our stock are not entitled to appraisal rights in connection with the proposed Transaction under Delaware General Corporation Law, Delaware State law, our Restated Certificate of Incorporation or our Amended and Restated Bylaws or otherwise.

OTHER MATTERS; ADDITIONAL INFORMATION

Financial Statements

Audited financial statements for the year ended December 31, 2005 and unaudited financial statements for the year ended December 31, 2006 are available by request via e-mail to corpcomm@smartdisk.com or by mail to Corporate Communications, SmartDisk Corporation, 12780 Westlinks Drive, Fort Myers, Florida 33913-8019. Audited financial statements for the year ended December 31, 2005 are also available at our website, www.smartdisk.com, and unaudited income statement and balance sheet for the year ended December 31, 2006 will be available at our website, www.smartdisk.com, on or about Monday, June 18, 2007.

Transaction Documents

This summary highlights selected information regarding the Transaction. We encourage you to read the Purchase Agreements, which are the legal documents that govern these transactions and which may be obtained by request via e-mail to corpcomm@smartdisk.com or by mail to Corporate Communications, SmartDisk Corporation, 12780 Westlinks Drive, Fort Myers, Florida 33913-8019. This Information Statement is not a complete summary of the Transaction or the Purchase Agreements and is qualified in its entirety by reference to the complete text of the Purchase Agreements and the ancillary documents referenced therein.

By order of the Board of Directors,



Michael S. Battaglia, Chief Executive Officer