

Marketing Bulletin

Seagate and Samsung Finalize Agreement

Frequently Asked Questions

Q: What are the details of the Seagate and Samsung transaction?

On April 19, 2011, Seagate and Samsung announced that the companies would strengthen their strategic relationship by further aligning their respective ownership, investments and key technologies. The major elements of the strengthened relationship include:

- Samsung combining its hard disk drive (HDD) operations into Seagate
- Extending and enhancing the existing patent cross-license agreement between the companies
- A NAND flash memory supply agreement under which Samsung will provide Seagate with its market-leading semiconductor products for use in Seagate's enterprise solid state drives (SSDs), solid state hybrid drives (SSHDS) and other products
- A disk drive supply agreement under which Seagate will supply disk drives to Samsung for PCs, notebooks and consumer electronics
- Expanded cooperation between the companies to co-develop enterprise storage solutions
- Samsung receiving significant equity ownership in Seagate
- A shareholder agreement under which an executive of Samsung will be nominated to join Seagate's Board of Directors

Q: Why did Seagate enter into this transaction?

This is a series of transactions and agreements that enable Seagate and Samsung to significantly expand and strengthen their strategic relationship by further aligning our respective ownership of, investments in, and sharing of, key technologies. By aligning in this way, Seagate will be able to achieve even greater scale, deliver a broader range of innovative storage products and solutions to customers and meet the increasing demands of customers to get new products to market more efficiently.



Q: Does this transaction represent a shift in the direction or rate of your migration toward solid state hybrid drives (SSHDS) and solid state drives (SSDs)?

No. We have clearly articulated our SSHD and SSD strategy, and this does not change that strategy. We firmly believe in our product and technology roadmap, and the market is determining the rate of adoption for these products.

Q: What portion of Samsung's HDDs do you expect Seagate to supply?

Under the disk drive supply agreement, Seagate will supply disk drives to Samsung for PCs, notebooks and consumer electronics. The specific terms of our supply agreement are confidential.

Q: What IP is covered under the cross-license agreements?

The parties amended and extended their existing intellectual property cross-license agreements to include all patents in all fields.

Q: What will the revenue contribution be in CY2011? CY2012?

Calendar year 2010 revenue for Samsung's HDD business was approximately \$3.1 billion. We anticipate that some rebalancing by customers may happen in connection with this transaction, but we are focused on maximizing revenue retention. We expect that any revenue attrition will be mitigated because Samsung's customer base, which includes a significant volume of distribution channel customers, has relatively little overlap with Seagate's customer base. In addition, the supply arrangement with Samsung will also enable continuity of demand. We are confident that we can manage and limit revenue attrition effectively and achieve an attractive return profile.

We will provide more detailed information regarding the financial outlook for the combined company when we announce the financial results for Q2FY12.

Q: What is the financial profile of Samsung's HDD business?

During calendar year 2010, Samsung's HDD operations shipped approximately 66 million units and had \$3.1 billion of revenue.

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