

# **Estrich Declaration**

## **EXHIBIT D**

**Filed Under Seal**

The New York Times

**DealB%k**

Edited by Andrew Ross Sorkin

APRIL 19, 2011, 5:45 AM

## Seagate to Buy Samsung's Disk-Drive Unit

By *EVELYN M. RUSLI* and *CHRIS V. NICHOLSON***7:28 p.m. | Updated**

With laptops and desktops ceding computing ground to mobile devices, disk-drive makers are moving quickly to consolidate, amid slumping prices and a changing landscape.

In the latest sign of industry contraction, [Seagate Technology](#) on Tuesday announced it would acquire the disk-drive business of Samsung Electronics for \$1.375 billion in cash and stock.

Perhaps more important, the two companies agreed to share technology assets, giving them access to new and growing markets. Seagate will provide Samsung with disk drives for its consumer electronic products, and Samsung will supply Seagate with flash memory chips for storage devices.

"With these agreements, we expect to achieve greater scale and deliver a broader range of innovative storage products and solutions to our customers, while facilitating our long-term relationship with Samsung," Seagate's chief executive, Stephen J. Luczo, [said in a statement](#).

Shares of Seagate gained 9 cents, or 0.5 percent, to close at \$17.93 on Tuesday.

Seagate has struggled as disk-drive prices have fallen. On Tuesday, the company, which specializes in hard drives for personal computers, reported a 12 percent drop in third-quarter sales to \$2.7 billion. Gross margins also declined sharply from a year ago to 19.1 percent.

According to analysts, the industry has been challenged by the rising popularity of mobile computing devices, which use different types of drives, and slowing demand for personal computers. Worldwide computer shipments fell 3.2 percent in the first quarter, according to market research firm International Data.

"It's a huge positive for the drive industry," said Richard Kugele, a Needham & Company analyst, said of the deal. "There are now only three players in the space, it's going to make a much healthier, profitable market that's more nimble."

With the deal, Seagate will increase its presence in the fast-growing market for solid-state drives, the preferred storage device for compact computing devices, like tablets, music players and netbooks. As part of the partnership, Seagate will get access to Samsung's flash memory chips, which it can then install in a new line of such drives.

The technology for solid-state drives is more expensive than traditional hard-disk drives, but tends to be more energy efficient with faster performance. As the market for mobile devices

continues to grow, supported by the boom in tablet devices like [Apple's](#) fast-selling [iPad](#), there is mounting pressure on storage companies to get a meaningful foothold in the technology.

"The company is giving up nearly 10 percent ownership to Samsung and paying for the privilege," James Kelleher, an analyst at Argus Research, wrote in a note on Tuesday. "The deal links Seagate with a leader" in solid-state drives at a critical time for the disk-drive maker.

Under the transaction, Seagate will give Samsung 45.2 million shares, a stake worth 9.6 percent of the company, and the right to nominate a director to Seagate's board.

The acquisition will also cement Seagate's position in the rapidly shrinking industry. In March, a rival, [Western Digital](#), agreed to purchase [Hitachi's](#) storage unit for \$4.3 billion. Once their respective deals close, Western Digital will account for 50 percent of the market and Seagate 40 percent, according to data from research firm IHS iSuppli. The electronics maker [Toshiba](#) rounds out the top three, with about 10 percent in market share.

The deal could also spur smaller rivals to team up or make acquisitions. Among those companies in play, said Mr. Kugele of Needham & Company, are STEC and the OCZ Technology Group, both of which are focused on solid-state drives. OCZ Technology shares rose 7.3 percent to \$9.60 on Tuesday, while STEC gained 2.7 percent to \$18.70.

Seagate used [Morgan Stanley](#) as financial adviser and Wilson Sonsini Goodrich & Rosati as legal counsel, while Samsung used Allen & Company as its adviser and the law firm Paul, Hastings, Janofsky & Walker.