SEAGATE TECHNOLOGY
Form S-4/A
April 13, 2006
Table of Contents

As filed with the Securities and Exchange Commission on April 13, 2006

Registration No. 333-132420

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SEAGATE TECHNOLOGY

(Exact name of registrant as specified in its charter)

Cayman Islands (State or other jurisdiction of incorporation or organization)	**3572** (Primary Standard Industrial Classification Code Number)	**98-0355609** (I.R.S. Employer Identification No.)

P.O. Box 309GT, Ugland House, South Church Street

George Town, Grand Cayman, Cayman Islands

(345) 949-8066

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

CT Corporation System

818 West Seventh Street, Suite 200

Los Angeles, California 90017

(800) 888-9207

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

William L. Hudson, Esq.	**William H. Hinman, Jr., Esq.**	**Larry W. Sonsini, Esq.**	**William O. Sweeney, Esq.**	**Diane Holt Frankle, Esq.**
Executive Vice President, General Counsel and Secretary	**Simpson Thacher & Bartlett LLP**	**Wilson Sonsini Goodrich & Rosati**	**Vice President, General Counsel and Secretary**	**DLA Piper Rudnick Gray Cary US LLP**
Seagate Technology	**2550 Hanover Street**	**Professional Corporation**	**Maxtor Corporation**	**2000 University Avenue**
920 Disc Drive	**Palo Alto, California 94304**	**650 Page Mill Road**	**500 McCarthy Boulevard**	**East Palo Alto, California 94303**
P.O. Box 66360	**(650) 251-5000**	**Palo Alto, California 94304**	**Milpitas, California**	**(650) 833-2000**
Scotts Valley, California 95067		**(650) 493-9300**	**95035**	
(831) 438-6550			**(408) 894-5000**	

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 13, 2006

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Seagate Technology and Maxtor Corporation have entered into an agreement and plan of merger pursuant to which Seagate will acquire Maxtor. The combination of Seagate and Maxtor is expected to build on Seagate s foundation as the premier global hard disc drive company, leveraging the strength of Seagate s significant operating scale to drive product innovation and maximize operational efficiencies. We believe the combined company will be well-positioned to accelerate delivery of a diverse set of compelling and cost-effective solutions to the growing customer base for data storage products.

If the merger is completed, each outstanding share of Maxtor common stock will be converted into the right to receive 0.37 Seagate common shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing. The value of the merger consideration to be received in exchange for each share of Maxtor common stock will fluctuate with the market price of Seagate common shares. Based on the closing sale price for Seagate common shares on December 20, 2005, the last trading day before public announcement of the merger, the 0.37 exchange ratio represented approximately $7.25 in value for each share of Maxtor common stock. Based on the closing sale price for Seagate common shares on , 2006, the last trading day before the printing of this joint proxy statement/prospectus for which it was practicable to obtain this information, the 0.37 exchange ratio represented approximately $ in value for each share of Maxtor common stock. Upon completion of the merger, Maxtor s former stockholders will own approximately 16% of the then outstanding Seagate common shares, based on the number of shares of Seagate and Maxtor outstanding on April 11, 2006. Seagate s shareholders will continue to own their existing shares, which will not be affected by the merger. Seagate common shares are listed on the New York Stock Exchange under the symbol STX . Maxtor common stock is listed on the New York Stock Exchange under the symbol MXO . We urge you to obtain current market quotations for the shares of Seagate and Maxtor.

Your vote is very important. The merger cannot be completed unless, among other things, Seagate s shareholders approve the issuance of Seagate common shares in the merger and Maxtor s stockholders adopt the merger agreement. We are each holding meetings of our stockholders to vote on the proposals necessary to complete the merger and, in the case of Maxtor, to approve certain other matters unrelated to the merger described in this joint proxy statement/prospectus. Information about these meetings, the merger and the other business to be considered by Maxtor stockholders is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus carefully. **You should also carefully consider the risk factors beginning on page 15.**

The dates, times and places of the meetings are as follows:

For Seagate shareholders:

For Maxtor stockholders:

Wednesday May 17, 2006	Wednesday May 17, 2006
10:00 a.m. Pacific Time	10:00 a.m. Pacific Time
Hilton Santa Cruz/Scotts Valley	Maxtor Corporation
6001 La Madrona Drive	500 McCarthy Boulevard
Santa Cruz, California 95060	Milpitas, California 95035

Whether or not you plan to attend your respective company s meeting, please submit your proxy as soon as possible to make sure that your shares are represented at that meeting.

Seagate s board of directors unanimously recommends that Seagate shareholders vote FOR the proposal to approve the issuance of Seagate common shares in the merger. Maxtor s board of directors unanimously recommends that Maxtor stockholders vote FOR the proposal to adopt the merger agreement and FOR the other Maxtor proposals described in this joint proxy statement/prospectus.

We strongly support the combination of our companies and join with our boards in recommending that you vote in favor of the proposals described in this joint proxy statement/prospectus.

William D. Watkins	Dr. C.S. Park
President and Chief Executive Officer	Chairman and Chief Executive Officer
Seagate Technology	Maxtor Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2006, and is first being mailed to stockholders of Seagate and Maxtor on or about , 2006.

Table of Contents

ADDITIONAL INFORMATION

This document incorporates important business and financial information about Seagate Technology and Maxtor Corporation from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this document through the Securities and Exchange Commission website at *http://www.sec.gov* or by requesting them in writing or by telephone at the appropriate address below:

By Mail:	Seagate Technology 920 Disc Drive P.O. Box 66360 Scotts Valley, California 95067 Attention: Investor Relations	By Mail:	Maxtor Corporation 500 McCarthy Boulevard, Milpitas, California 95035 Attention: VP of Investor Relations
By Telephone:	(831) 439-5337	By Telephone:	(408) 894-5000

TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS IN ADVANCE OF THE MEETINGS, YOU SHOULD MAKE YOUR REQUEST NO LATER THAN MAY 10, 2006.

See Where You Can Find More Information beginning on page 147.

VOTING ELECTRONICALLY OR BY TELEPHONE

Seagate shareholders of record on the close of business on April 11, 2006, the record date for the Seagate extraordinary general meeting, may submit their proxies by telephone or internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to submit your proxy by telephone or by internet, please contact Morrow & Co., Inc. by telephone at (800) 607-0088 (toll free) or by email at *seagate.info@morrowco.com*.

Maxtor stockholders of record on the close of business on April 11, 2006, the record date for the Maxtor annual meeting, may submit their proxies by telephone or internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to submit your proxy by telephone or by internet, please contact MacKenzie Partners, Inc. by telephone at (800) 322-2885 (toll free) or by email at *proxy@mackenziepartners.com*.

Table of Contents

Seagate Technology

920 Disc Drive

Scotts Valley, California 95067

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 17, 2006

To the Shareholders of Seagate Technology:

An extraordinary general meeting of Seagate Technology will be held at Hilton Santa Cruz/Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California, on Wednesday, May 17, 2006 at 10:00 a.m., Pacific Time, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of Seagate common shares, par value $0.00001 per share, pursuant to the Agreement and Plan of Merger, dated as of December 20, 2005, by and among Seagate Technology, MD Merger Corporation, a Delaware corporation and wholly-owned subsidiary of Seagate, and Maxtor Corporation, as the same may be amended from time to time.
2. To consider and vote upon adjournment of the extraordinary general meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the extraordinary general meeting to approve the issuance of Seagate common shares in the merger.
3. To transact such other business as may properly come before the extraordinary general meeting or any adjournment or postponement thereof.

The accompanying joint proxy statement/prospectus further describes the matters to be considered at the extraordinary general meeting. A copy of the Agreement and Plan of Merger has been included as Annex A to the joint proxy statement/prospectus.

Seagate s board of directors has set April 11, 2006 as the record date for the extraordinary general meeting. Only holders of record of Seagate common shares at the close of business on April 11, 2006 will be entitled to notice of and to vote at the extraordinary general meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on such shareholder s behalf. Such proxy need not be a holder of Seagate common shares. **To ensure your representation at the extraordinary general meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the internet.** Please vote promptly whether or not you expect to attend the extraordinary general meeting. Submitting a proxy now will not prevent you from being able to vote at the extraordinary general meeting by attending in person and casting a vote.

The board of directors of Seagate Technology unanimously recommends that you vote FOR the proposal to approve the issuance of Seagate common shares in the merger and FOR the proposal to adjourn the extraordinary general meeting to a later date or dates, if necessary, to solicit additional proxies.

By order of the board of directors,

William L. Hudson

Executive Vice President, General Counsel and Corporate Secretary

April , 2006

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL MORROW & COMPANY, INC. AT (800) 607-0088 (TOLL FREE) OR BY EMAIL AT SEAGATE.INFO@MORROWCO.COM.

Table of Contents

Maxtor Corporation

500 McCarthy Boulevard,

Milpitas, California 95035

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 17, 2006

To the Stockholders of Maxtor Corporation:

An annual meeting of Maxtor Corporation will be held at the corporate headquarters of Maxtor Corporation at 500 McCarthy Boulevard, Milpitas, California 95035, on Wednesday, May 17, 2006 at 10:00 a.m., Pacific Time, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of December 20, 2005, by and among Seagate Technology, MD Merger Corporation, a Delaware corporation and wholly-owned subsidiary of Seagate, and Maxtor Corporation, as the same may be amended from time to time.

2. To consider and vote upon a proposal to elect three Class II directors to hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified.

3. To consider and vote upon a proposal to ratify the engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered public accounting firm for the fiscal year ending December 30, 2006.

4. To consider and vote upon adjournment of the annual meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the proposal to adopt the merger agreement.

5. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The accompanying joint proxy statement/prospectus further describes the matters to be considered at the annual meeting. A copy of the Agreement and Plan of Merger has been included as Annex A to the joint proxy statement/prospectus.

Maxtor s board of directors has set April 11, 2006 as the record date for the annual meeting. Only holders of record of shares of Maxtor common stock at the close of business on April 11, 2006 will be entitled to notice of and to vote at the annual meeting and any adjournments or postponements thereof. **To ensure your representation at the annual meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the internet.** Please vote promptly whether or not you expect to attend the annual meeting. Submitting a proxy now will not prevent you from being able to vote at the annual meeting by attending in person and casting a vote.

The board of directors of Maxtor Corporation unanimously recommends that you vote FOR the proposal to adopt the Agreement and Plan of Merger. The board of directors of Maxtor Corporation also unanimously recommends that you vote FOR the other Maxtor annual meeting proposals. Approval of the other Maxtor annual meeting proposals is not a condition to the merger.

By order of the board of directors,

William O. Sweeney

Vice President, General Counsel and Secretary

April , 2006

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CONTACT MACKENZIE PARTNERS, INC. BY TELEPHONE AT (212) 929-5500 (CALL COLLECT) OR (800) 322-2885 (TOLL FREE) OR BY EMAIL AT PROXY@MACKENZIEPARTNERS.COM.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SEAGATE EXTRAORDINARY GENERAL MEETING AND THE MAXTOR ANNUAL MEETING

The questions and answers below highlight only selected procedural information from this joint proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this joint proxy statement/prospectus.

Q: **Why am I receiving this joint proxy statement/prospectus?**

A: Seagate and Maxtor have agreed to the acquisition of Maxtor by Seagate under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. We are delivering this document to you because it serves as both a joint proxy statement of Seagate and Maxtor and a prospectus of Seagate. It is a joint proxy statement because it is being used by our boards of directors to solicit the proxies of Seagate shareholders and Maxtor stockholders. It is a prospectus because Seagate is offering Seagate common shares in exchange for Maxtor common stock if the merger is completed.

In order to complete the merger, among other things, Seagate shareholders must vote to approve the issuance of Seagate common shares in the merger and Maxtor stockholders must vote to adopt the merger agreement. Seagate and Maxtor will hold separate meetings to obtain these approvals, and in the case of Maxtor, to approve certain other matters unrelated to the merger.

Q: **What do I need to do now?**

A: After you have carefully read and considered the information contained in this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope, or, if available, by submitting your proxy by telephone or through the Internet, as soon as possible so that your shares may be represented at your meeting.

Q: **What vote of Seagate shareholders is required to approve the issuance of Seagate common shares in the merger?**

A: The affirmative vote of the holders of a majority of the Seagate common shares represented and voting at the extraordinary general meeting is required to approve the issuance of Seagate common shares in the merger. Pursuant to voting agreements entered into by certain Seagate shareholders, including Seagate s directors and certain executive officers, these shareholders have agreed, among other things and subject to limited exceptions, to vote their Seagate common shares in favor of the issuance of Seagate common shares in the merger. As of the record date for the extraordinary general meeting, these shareholders beneficially owned 79,058,058 Seagate common shares representing approximately 16% of the outstanding Seagate common shares.

Q: **What vote of Maxtor stockholders is required to adopt the merger agreement?**

A: The affirmative vote of the holders of a majority of the shares of Maxtor common stock outstanding on the record date is required to adopt the merger agreement. If you are a Maxtor stockholder and fail to vote on the proposal to adopt the merger agreement, that will have the same effect as a vote AGAINST adoption of the merger agreement.

Q:

What vote of stockholders is required for the other proposals to be considered at Maxtor s annual meeting and Seagate s extraordinary general meeting?

A: For Maxtor s proposal regarding the election of Maxtor s Class II Directors, the affirmative vote of a plurality of the votes cast at the annual meeting is required to approve the election of

Table of Contents

each director nominee. For Maxtor s proposals regarding the ratification of engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered accounting firm for the current fiscal year and regarding adjournments of the Maxtor annual meeting, the affirmative vote of the holders of a majority of the shares of Maxtor common stock represented and voting at the Maxtor annual meeting is required.

For Seagate s proposal regarding adjournments of the Seagate extraordinary general meeting, the affirmative vote of the holders of a majority of the shares of Seagate common shares represented and voting at the Seagate extraordinary meeting is required.

Q: **As a Maxtor stockholder, why am I electing directors and ratifying the engagement of an independent registered public accounting firm when I am being asked to adopt the merger agreement?**

A: Delaware law requires Maxtor to hold a meeting of its stockholders each year. Maxtor has determined it will observe this requirement and hold an annual meeting of its stockholders to elect directors and ratify the engagement of PricewaterhouseCoopers LLP. The directors elected at the Maxtor annual meeting will serve as directors of Maxtor following the Maxtor annual meeting through the earlier of the closing of the merger or Maxtor s 2009 annual meeting. Effective upon the closing of the merger, the individuals serving as Maxtor directors immediately prior to the closing of the merger will no longer be Maxtor directors and Dr. C.S. Park, the Chairman and Chief Executive Officer of Maxtor, will be appointed to the Seagate board of directors. PricewaterhouseCoopers LLP will not continue to conduct independent audits of Maxtor following the merger. The election of the Maxtor Class II directors, the ratification of the engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered public accounting firm and the Seagate and Maxtor adjournment proposals are not conditions to the merger.

Q: **If my shares are held in street name by my broker or bank, will my broker or bank automatically vote my shares for me?**

A: Your broker or bank will not be able to vote your shares without instructions from you other than with respect to the election of the Maxtor Class II directors or the ratification of the engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered public accounting firm by Maxtor stockholders. You should instruct your broker or bank to vote your shares by following the instructions your broker or bank provides. If you do not instruct your broker or bank, they will not have the discretion to vote your shares except with respect to the Maxtor annual meeting matters noted above.

Q: **Can I change my vote?**

A: Yes, you may change your vote at any time before your proxy is voted at your meeting.

If you are the record holder of your shares, you can change your vote in any of the three following ways:

You may send a written notice to the Corporate Secretary of Seagate, 920 Disc Drive, Scotts Valley, California 95066 or the Secretary of Maxtor, 500 McCarthy Boulevard, Milpitas, California 95035 as appropriate, stating that you would like to revoke your proxy.

You may complete and submit a new proxy card or submit a new proxy by telephone or the Internet. The latest vote received before your meeting will be counted, and any earlier proxies will be revoked.

You may attend your meeting and vote in person. Any earlier proxy will be revoked. However, simply attending your meeting without voting will not revoke your proxy.

If your shares are held in street name, you should contact your broker or bank and follow the directions you receive from your broker or bank in order to change or revoke your vote.

Table of Contents

Q: **If I hold my Maxtor shares in certificated form, should I send in my Maxtor stock certificates now?**

A: No. Please DO NOT send your stock certificates with your proxy card. Maxtor stockholders will receive written instructions from the exchange agent after the merger is completed on how to exchange Maxtor stock certificates you may have for the merger consideration. Seagate shareholders will not need to send in their share certificates.

Q: **When do you expect the merger to be completed?**

A: If Seagate shareholders approve the issuance of Seagate common shares at the Seagate extraordinary general meeting and Maxtor stockholders adopt the merger agreement at the Maxtor annual meeting, we expect to complete the merger as soon as possible after the satisfaction of the other conditions to the merger, including receipt of required regulatory approvals. There may be a substantial period of time between the meetings and the completion of the merger. We currently expect to complete the merger shortly after the shareholder meetings, assuming the requisite approvals are obtained and that all other conditions to closing are then met; however, we cannot assure you when or if the merger will occur.

Q: **What are the material U.S. federal income tax consequences of the merger to U.S. holders of Maxtor common stock?**

A: The merger has been structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Assuming the merger qualifies as a Code Section 368 reorganization and that Seagate is treated as a corporation under Code Section 367(a), U.S. holders of Maxtor common stock will not recognize gain or loss for United States federal income tax purposes upon the exchange of shares of Maxtor common stock for Seagate common shares, except with respect to cash received in lieu of fractional shares of Seagate common shares and except for any U.S. holder who is a five-percent shareholder of Seagate after the merger and who fails to file a gain recognition agreement as described in applicable U.S. Treasury regulations.

Tax matters are very complicated, and the tax consequences of the merger applicable to a particular stockholder will depend in part on each stockholder s circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

For more information, please see the section entitled Seagate Proposal 1 and Maxtor Proposal 1 The Merger Material Tax Consequences on page 66 of this joint proxy statement/prospectus.

Q: **Am I entitled to appraisal rights?**

A: Neither Seagate shareholders nor Maxtor stockholders will be entitled to exercise any dissenters rights of appraisal in connection with the transactions contemplated by the merger agreement.

Q: **Who can help answer my questions?**

A: If you have any questions about the matters to be voted upon at your meeting or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact:

if you are a Seagate shareholder:

Seagate Technology, Executive Director of Investor Relations

Telephone: (831) 439-5337

or

Morrow & Co., Inc.

Telephone: (800) 607-0088 (toll free)

Email: *seagate.info@morrowco.com*

if you are a Maxtor stockholder:

Maxtor Corporation, VP of Investor Relations

Telephone: (408) 894-5000

or

MacKenzie Partners, Inc.

Telephone: (800) 322-2885 (toll free)

Email: *proxy@mackenziepartners.com*

If your broker or bank holds your shares, you should also contact your broker or bank for additional information.

Table of Contents

SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which this document refers in order to fully understand the merger and the related transactions. See Where You Can Find More Information beginning on page 147. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

The Companies (see page 21)

Seagate Technology

Seagate is a worldwide leader in the design, manufacturing and marketing of hard disc drives, providing products for a wide-range of enterprise, desktop, mobile computing, and consumer electronics applications. Seagate s business model leverages technology leadership and world-class manufacturing to deliver industry-leading innovation and quality to its global customers, and to be the low cost producer in all markets in which it participates. The company is committed to providing award-winning products, customer support and reliability to meet the world s growing demand for information storage. The address of Seagate s principal executive offices is P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, and its telephone number at that address is (345) 949-8066. The address of Seagate s U.S. executive offices is 920 Disc Drive, Scotts Valley, California 95066 and its telephone number at that address is (831) 438-6550.

Maxtor Corporation

Maxtor Corporation is one of the world s leading suppliers of information storage solutions. The company has an expansive line of storage products for desktop computers, near-line storage, high-performance Intel-based servers and consumer electronics. The address of Maxtor s principal executive offices is 500 McCarthy Boulevard, Milpitas, California 95035 and its telephone number at that address is (408) 894-5000.

The Merger (see page 75)

We are proposing a merger of MD Merger Corporation, a newly formed wholly-owned subsidiary of Seagate which is referred to as Merger Sub, with and into Maxtor, with Maxtor as the surviving corporation. If the merger is completed, Maxtor will become a wholly-owned subsidiary of Seagate. The merger agreement is attached to this document as Annex A. Please carefully read the merger agreement as it is the legal document that governs the merger.

What Maxtor Stockholders Will Receive in the Merger (see page 75)

Upon completion of the merger, each outstanding share of Maxtor common stock will be converted into the right to receive 0.37 Seagate common shares. No fractional Seagate common shares will be issued in the merger. Instead of fractional shares, Maxtor stockholders will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled by the average of the closing sale prices of one Seagate common share for the twenty trading days immediately preceding completion of the merger.

What Holders of Maxtor Stock Options and Restricted Stock Units Will Receive in the Merger (see page 76)

Upon completion of the merger, outstanding and unexercised Maxtor stock options will be converted automatically into options to purchase Seagate common shares. The number of shares subject to such options and the exercise price of the options will be adjusted based on the fixed exchange ratio of 0.37. In addition, each outstanding Maxtor restricted stock unit award representing a right to receive Maxtor common stock will be assumed by Seagate upon completion of the merger and converted automatically into a right to receive upon settlement

Table of Contents

a number of Seagate common shares based on the fixed exchange ratio of 0.37.

Voting Agreements with Certain Seagate Shareholders (see page 88)

Maxtor has entered into voting agreements with certain Seagate shareholders, including the executive officers and directors of Seagate, pursuant to which these shareholders agreed, among other things and subject to limited exceptions, to vote their Seagate common shares in favor of the issuance of Seagate common shares in the merger. As of the record date, these shareholders owned 79,058,058 Seagate common shares representing approximately 16% of the outstanding Seagate common shares. The form of the voting agreements is attached to this document as Annex B.

Material Tax Consequences (see page 66)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Accordingly, holders of Maxtor common stock generally will not recognize any gain or loss for federal income tax purposes on the exchange of their Maxtor common stock for Seagate common shares in the merger, except for any gain or loss that may result from the receipt of cash instead of a fractional Seagate common share. There will be no federal income tax consequences to a holder of Seagate common shares as a result of the merger.

Tax matters are complicated and the tax consequences to you of the merger will depend on your particular tax situation (e.g., the above consequences may not apply to you if you are a five-percent transferee shareholder). In addition, you may be subject to state, local or foreign tax laws that are not discussed in this joint proxy statement/prospectus. You should consult your own tax advisor to fully understand the tax consequences of the merger to you.

Opinion of Seagate s Financial Advisor (see page 45)

Morgan Stanley & Co. Incorporated, which is referred to as Morgan Stanley, has rendered its opinion to the Seagate board of directors that, as of December 20, 2005, and based upon and subject to the factors, assumptions, qualifications and limitations set forth therein, the exchange ratio of 0.37 Seagate common shares to be received for each share of Maxtor common stock pursuant to the merger agreement was fair from a financial point of view to Seagate.

The full text of the written opinion of Morgan Stanley, dated December 20, 2005, is attached as Annex C to this joint proxy statement/prospectus and sets forth assumptions made, general procedures followed, factors considered and limitations and qualifications on the review undertaken by Morgan Stanley in connection with its opinion. Morgan Stanley provided its opinion for the information and assistance of the Seagate board of directors in connection with its consideration of the merger. The Morgan Stanley opinion is not a recommendation as to how any holder of Seagate common shares should vote with respect to the merger. The Morgan Stanley opinion also does not address the prices at which Seagate common shares will trade following consummation of the merger or at any other time.

Opinion of Maxtor s Financial Advisor (see page 53)

Citigroup Global Markets Inc., which is referred to as Citigroup, has rendered its opinion to the Maxtor board of directors to the effect that, as of December 20, 2005, and based upon and subject to the factors, assumptions, qualifications and limitations set forth therein, the exchange ratio of 0.37 Seagate common shares to be received for each share of Maxtor common stock pursuant to the merger agreement was fair from a financial point of view to the holders of such shares of Maxtor common stock.

Table of Contents

The full text of the written opinion of Citigroup, dated December 20, 2005, is attached as Annex D to this joint proxy statement/prospectus and sets forth assumptions made, general procedures followed, factors considered and limitations and qualifications on the review undertaken by Citigroup in connection with its opinion. Citigroup provided its opinion for the information and assistance of the Maxtor board of directors in connection with its consideration of the merger. The Citigroup opinion is not a recommendation as to how any holder of shares of Maxtor common stock should vote with respect to the merger.

Reasons for the Merger (see page 41)

The boards of directors and management teams of both Seagate and Maxtor identified several reasons for, and potential benefits to their stockholders of, the merger creating the combined company, including the following:

- by enhancing scale, financial strength and capacity, the combined company will be better able to compete in the dynamic, rapidly evolving storage market;
- the combined company will be able to leverage the companies extensive research and development platforms and other technological resources in order to provide customers more innovative, diverse and compelling storage products and to get them to market more quickly and at more competitive prices;
- the combined company will have expanded capacity to better meet growing demand for higher capacity storage products and storage products for new applications;
- the enhanced scale of the combined company will result in significant production efficiencies and reduced product costs; and
- the combined company is expected to generate significant cost synergies in the form of approximately $300 million in annual operating expense savings after the first full year of integration, including from combined research and development and sales and marketing efforts, as well as reduced supply chain costs.

Maxtor s board of directors considered a number of additional factors, including, but not limited to:

- the premium represented by the merger consideration to the range of recent trading prices of Maxtor common stock;
- the percentage ownership in the combined company represented by the merger consideration, which the Maxtor board believed was consistent with Maxtor s contributions to the combined entity;
- the opportunity for Maxtor stockholders to participate in the potential growth and prosperity of a combined company as compared to the alternatives of Maxtor continuing as an independent company under its current turnaround plan, restructuring or engaging in another business combination;

the projected long term stockholder value represented by the combined company, including synergies, which exceeded the projected stockholder value based on Maxtor s long range operating plan;

the assessment by Maxtor s board of directors and Maxtor s management that the merger and Seagate s operating strategy are consistent with Maxtor s long-term strategic goals to seek to increase return on investment, improve time to market, broaden its product offerings, and reduce dependence on third party suppliers; and

Maxtor s business, financial performance and condition, operations, management, competitive position and prospects, including increasing competition; continuing adverse impact to gross margin from the cost of heads and other key components; execution difficulties in product development and production adversely affecting quality and time to market for new products; difficulties in achieving a reasonable return on investment in research and development; engineering

Table of Contents

resource constraints; the lack of a 1 product, a 2.5 product and a fibre channel product; the need for improved processes to manage an increasingly complex business model; and the additional capital required for Maxtor to remain competitive.

Maxtor s board of directors also considered the potential risks of the merger, as described under Seagate Proposal 1 and Maxtor Proposal 1 The Merger Maxtor s Additional Reasons for the Merger and Board Recommendation and Risk Factors.

Recommendation of Seagate s Board of Directors (see page 41)

Seagate s board of directors has unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Seagate and its shareholders. Seagate s board of directors unanimously recommends that Seagate shareholders vote FOR the issuance of Seagate common shares in the merger.

Recommendation of Maxtor s Board of Directors (see page 41)

Maxtor s board of directors has unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Maxtor and its stockholders. Maxtor s board of directors unanimously recommends that Maxtor stockholders vote FOR adoption of the merger agreement.

Interests of Maxtor s Directors and Executive Officers in the Merger (see page 62)

Maxtor s executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Maxtor stockholders. These interests include rights of executive officers under change of control agreements with Maxtor, rights under equity compensation awards of Maxtor, and rights to continued indemnification and insurance coverage by Seagate after the merger for acts or omissions occurring before the merger. The Maxtor board of directors was aware of these interests and considered them in its decision to approve the merger agreement.

Regulatory Approvals Required for the Merger (see page 71)

The competition laws of the United States and several other countries prohibit Seagate and Maxtor from completing the merger until (i) they have given notification and furnished information relating to the operations of Seagate and Maxtor and the markets in which they operate, and (ii) the applicable waiting periods expire or the merger is approved or granted early termination.

On January 13, 2006, Seagate and Maxtor each filed a premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and merger review was assigned to the Federal Trade Commission. The HSR waiting period expired on February 13, 2006 at 11:59 p.m., New York City time. As a result, no further anti-trust regulatory review of the merger will be necessary in the United States.

Seagate and Maxtor each conduct business in Member States of the European Union. Council Regulation (EC) No. 139/2004 requires notification to and approval by the European Commission of mergers or acquisitions involving parties with aggregate worldwide sales and individual European Union sales exceeding specified thresholds. Seagate submitted its notification on March 20, 2006. Pursuant to Council Regulation (EC) No. 139/2004 the European Commission has until 11:59 p.m., Brussels time, on April 27, 2006, 25 working days from the day following the date of notification (which period may be extended under certain circumstances) in which to consider whether the merger would significantly impede effective competition in the common market or a substantial part of it, in particular as a result of the creating or strengthening of a dominant position (as defined in Council Regulation No. 139/2004). By the end of this period, the European Commission must issue a decision either clearing the merger or opening an in-depth Phase II investigation. A Phase II

investigation extends the investigation period for a further 90 working days.

Table of Contents

The merger is also conditional on receipt of regulatory approvals under the antitrust laws of Japan, Korea and Taiwan. Seagate and Maxtor have submitted merger notification filings in these jurisdictions, with the applicable waiting periods in Japan, Korea and Taiwan expiring on May 8, May 6 and May 3, 2006, respectively, which periods may be shortened or extended under certain circumstances. In addition, while not conditions in the merger agreement to the completion of the merger, the parties are seeking governmental approvals in other jurisdictions, including Brazil, China, South Africa, Turkey and Australia, where notifications have already been submitted. Although Seagate and Maxtor do not expect the regulatory authorities to raise any significant objections to the merger, Seagate and Maxtor cannot assure you that all required regulatory approvals will be obtained or that these approvals will not require actions or contain restrictions or conditions that would be detrimental to Seagate or Maxtor.

Conditions to Completion of the Merger (see page 83)

As more fully described in this joint proxy statement/prospectus and the merger agreement, the completion of the merger depends on a number of mutual conditions being satisfied or waived, including:

- the adoption of the merger agreement by Maxtor stockholders;
- the approval of the issuance of Seagate common shares in the merger by Seagate shareholders;
- the receipt of required regulatory approvals in the United States, the European Economic Area, Japan, Korea and Taiwan;
- the absence of any law or order in any jurisdiction in which Seagate or Maxtor have substantial revenues or operations prohibiting or making illegal the consummation of the merger; and
- the effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part.

Each of Seagate s and Maxtor s obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions, including:

- the other party s representations and warranties in the merger agreement being true and correct, subject to the materiality standards contained in the merger agreement and subject, in the case of Maxtor s representations and warranties, to the qualification that such representations and warranties will generally be deemed to be true and correct unless the failure to be true and correct results from the intentional misrepresentation by Maxtor as of the date of the merger agreement; and
- material performance of and compliance by the other party of its covenants, subject, in the case of Maxtor s covenants, to the qualification that such covenants will generally be deemed to be performed and complied with unless the failure to so perform or comply is the result of an intentional breach by Maxtor.

Maxtor s obligations to complete the merger are further subject to the satisfaction or waiver of the following conditions:

the absence of a material adverse effect on Seagate and Maxtor (taken together, as a whole) since the date of the merger agreement; and

the authorization of the Seagate common shares to be issued in the merger for listing on the New York Stock Exchange.

Seagate and Maxtor cannot be certain of when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

Termination of the Merger Agreement (see page 84)

Seagate and Maxtor can agree at any time to terminate the merger agreement without completing the merger, even if Maxtor stockholders have

Table of Contents

adopted the merger agreement and Seagate shareholders have approved the issuance of Seagate common shares in the merger. Also, either of Seagate or Maxtor can terminate the merger agreement if:

- the merger is not completed by March 20, 2007;
- a governmental entity which must grant a regulatory approval that is a condition to the merger denies such approval and such action has become final and non-appealable;
- a governmental entity located in a jurisdiction in which Seagate or Maxtor have substantial revenues or operations issues a final non-appealable order prohibiting the merger;
- the other party breaches the merger agreement in a manner that would entitle the party seeking to terminate the merger agreement not to consummate the merger, subject to the right of the breaching party to cure, if curable, the breach within 30 days of written notice of the breach, and the party seeking to terminate is not then in material breach of the merger agreement;
- Seagate shareholders fail to approve the issuance of Seagate common shares in the merger at the Seagate shareholder meeting; or
- Maxtor stockholders fail to adopt the merger agreement at the Maxtor stockholder meeting.

Additionally, Maxtor may terminate the merger agreement if prior to the adoption of the merger agreement by Maxtor stockholders and subject to compliance by Maxtor with certain obligations described under The Merger Agreement Permitted Actions in Respect of a Superior Proposal, Maxtor receives a superior proposal and desires to terminate the merger agreement in order to enter into a definitive agreement with respect to that superior proposal.

Further, Seagate may terminate the merger agreement if Maxtor has materially breached its non-solicitation obligations described under The Merger Agreement No Solicitation of Alternative Transactions, or Maxtor s board of directors has failed to recommend the merger to Maxtor stockholders or withdrawn, modified or changed in a manner adverse to Seagate its recommendation of the merger or failed to call and hold a meeting of Maxtor stockholders.

Termination Fees (see page 85)

Maxtor has agreed to pay to Seagate a termination fee of $53 million and Seagate has agreed to pay to Maxtor a reverse termination fee of $300 million in some cases and $10 million plus expenses in other cases if the merger agreement is terminated under the circumstances specified in The Merger Agreement Termination of the Merger Agreement Termination Fees.

Extraordinary General Meeting of Seagate Shareholders (see page 23)

Seagate will hold an extraordinary general meeting of its shareholders at Hilton Santa Cruz/Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California, on Wednesday, May 17, 2006 at 10:00 a.m., Pacific Time. At the extraordinary general meeting, Seagate shareholders will be asked:

- to vote to approve the issuance of Seagate common shares in the merger;

- to vote to approve adjournment of the extraordinary general meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the issuance of Seagate common shares in the merger;

- to transact any other business as may properly be brought before the extraordinary general meeting or any adjournment or postponement of the extraordinary general meeting.

Seagate shareholders may vote at the extraordinary general meeting if they owned Seagate common shares at the close of business on the record date, April 11, 2006. On that date, there were 492,954,749 Seagate common shares outstanding and entitled to vote at the meeting, approximately 17% of which were owned and entitled to be voted by Seagate directors and executive officers and their affiliates. Approval of the issuance of Seagate common shares in the merger is a condition to completion of the merger.

Table of Contents

Annual Meeting of Maxtor Stockholders (see page 26)

Maxtor will hold an annual meeting of its stockholders at the corporate headquarters of Maxtor at 500 McCarthy Boulevard, Milpitas, California 95035, on Wednesday, May 17, 2006 at 10:00 a.m., Pacific Time. At the annual meeting, Maxtor stockholders will be asked:

- to vote to adopt the merger agreement;
- to vote to elect three Class II directors;
- to vote to ratify the engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered public accounting firm;
- to vote to approve adjournment of the annual meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and
- to transact any other business as may properly be brought before the annual meeting or any adjournment or postponement of the annual meeting.

Maxtor stockholders may vote at the annual meeting if they owned shares of Maxtor common stock at the close of business on the record date, April 11, 2006. On that date, there were 260,533,846 shares of Maxtor common stock outstanding and entitled to vote at the meeting, approximately 1.6% of which were owned and entitled to be voted by Maxtor directors and executive officers and their affiliates. Adoption of the merger agreement by Maxtor stockholders is a condition to completion of the merger. Adoption of the other proposals is not a condition to completion of the merger.

No Dissenters Rights of Appraisal (see page 73)

Neither Seagate shareholders nor Maxtor stockholders will be entitled to exercise any dissenters rights of appraisal in connection with the transactions contemplated by the merger agreement.

Accounting Treatment of the Merger (see page 70)

Seagate will account for the merger as a purchase for financial reporting purposes.

Comparative Per Share Data and Comparative Market Prices (see page 90)

Seagate common shares are listed on the New York Stock Exchange under the symbol STX . Maxtor common stock is listed on the New York Stock Exchange under the symbol MXO . The following table sets forth the closing sale prices of Seagate common shares and Maxtor common stock as reported on the New York Stock Exchange on December 20, 2005, the last full trading day prior to public announcement of the merger, and on , 2006, the last trading date prior to the printing of this joint proxy statement/prospectus for which it was practicable to obtain this information. This table also shows the equivalent per share price of Maxtor common stock, calculated by taking the product of the closing sale price of Seagate common shares on those dates and the fixed exchange ratio of 0.37.

Date	Seagate Common Shares	Maxtor Common Stock	Equivalent Per Share Price
December 20, 2005	$19.60	$4.52	$7.25
, 2006	$.	$.	$.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA OF SEAGATE

The following financial information is being provided to aid you in your analysis of the financial aspects of the merger. Seagate derived the financial information as of and for the fiscal years ended July 1, 2005, July 2, 2004, June 27, 2003, June 28, 2002 and for the period from November 23, 2000 to June 29, 2001 from its historical audited financial statements for these periods. Through November 22, 2000, the disc drive business that Seagate now operates and the storage area networks business that Seagate operated through November 4, 2002, were the disc drive and storage area networks divisions of Seagate Technology, Inc., a Delaware corporation, and the predecessor corporation to Seagate. Accordingly, Seagate has derived the financial information for the period from July 1, 2000 to November 22, 2000 from its predecessor s historical audited financials statements for this period. Seagate derived the financial information as of and for the six months ended December 30, 2005 and December 31, 2004 from its unaudited financial statements, which financial statements include, in the opinion of Seagate s management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of those results. The results for the six months ended December 30, 2005 are not necessarily indicative of the results that may be expected for the year ending June 30, 2006. This information is only a summary, and you should read it in conjunction with Seagate s consolidated financial statements and the related notes contained in Seagate s periodic reports filed with the Securities and Exchange Commission. The historical financial information as of and for the six months ended December 30, 2005 and December 31, 2004 was derived from Seagate s unaudited consolidated financial statements incorporated by reference in this proxy statement/prospectus. The historical financial information as of and for the fiscal years ended July 1, 2005, July 2, 2004 and June 27, 2003 was derived from Seagate s audited consolidated financial statements incorporated by reference in this proxy statement/prospectus. The historical financial information as of and for the fiscal year ended June 28, 2002 and as of June 29, 2001 and for the period from November 23, 2000 to June 29, 2001 was derived from Seagate s audited consolidated financial statements not incorporated by reference in this proxy statement/prospectus. The historical financial information below for the period from July 1, 2000 to November 22, 2000 was derived from the audited combined financial statements and related notes of Seagate s predecessor not incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information beginning on page 147.

	Seagate Technology							Predecessor
	Six Months Ended		Fiscal Year Ended					
	December 30, 2005	December 31, 2004	July 1, 2005	July 2, 2004	June 27, 2003	June 28, 2002	Nov. 23, 2000 to June 29, 2001	July 1, 2000 to Nov. 22, 2000
	(in millions, except for per share data)							
Statements of Operations Data:								
Revenue	$ 4,388	$ 3,405	$ 7,553	$ 6,224	$ 6,486	$ 6,087	$ 3,656	$ 2,310
Gross margin	1,126	656	1,673	1,459	1,727	1,593	732	275
Income (loss) from operations	549	204	722	444	691	374	(74)	(623)
Gain on sale of SanDisk common stock								102
Debt refinancing charges						(93)		
Net income (loss)	559	198	707	529	641	153	(110)	(412)
Basic net income per share	1.16	0.43	1.51	1.17	1.53	0.38		
Diluted net income per share	1.10	0.40	1.41	1.06	1.36	0.36		
Balance Sheet Data:								
Total assets	5,434	4,310	5,244	3,942	3,517	3,095	2,966	
Accrued deferred compensation						147		
Total debt	400	742	740	743	749	751	900	
Shareholders equity	$ 3,114	$ 2,040	$ 2,541	$ 1,855	$ 1,316	$ 641	$ 653	
Cash dividends declared per share	$ 0.16	$ 0.12	$ 0.26	$ 0.20	$ 0.71	$ 0.50		

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA OF MAXTOR

The following financial information is being provided to aid you in your analysis of the financial aspects of the merger. Maxtor derived the financial information as of and for the fiscal years ended December 31, 2005, December 25, 2004, December 27, 2003, December 28, 2002 and December 29, 2001 from its historical audited financial statements for these fiscal years. This information is only a summary, and you should read it in conjunction with Maxtor s consolidated financial statements and the related notes contained in Maxtor s periodic reports filed with the Securities and Exchange Commission. The selected consolidated statements of operations data set forth below for the fiscal years ended December 31, 2005, December 25, 2004 and December 27, 2003 and the consolidated balance sheet data as of December 31, 2005 and December 25, 2004 are derived from audited consolidated financial statements included in Maxtor s Annual Report on Form 10-K for the year ended December 31, 2005 incorporated by reference herein. The selected consolidated statements of operations data set forth below for the fiscal years ended December 28, 2002 and December 29, 2001 and the consolidated balance sheet data as of December 28, 2002 and December 29, 2001 were derived from audited consolidated financial statements which are not included or incorporated by reference in this document. See Where You Can Find More Information beginning on page 147.

	Fiscal Year Ended December 31, 2005	Fiscal Year Ended December 25, 2004	Fiscal Year Ended December 27, 2003	Fiscal Year Ended December 28, 2002	Fiscal Year Ended December 29, 2001
	(in millions, except per share amounts)				
Statements of Operations Data:					
Net revenues	$ 3,890.2	$ 3,796.3	$ 4,086.4	$ 3,779.5	$ 3,765.5
Gross profit	430.9	367.2	695.8	392.2	362.5
Amortization of goodwill and other intangible assets	0.9	36.0	85.3	82.2	176.0
Purchased in-process research and development					95.2
Restructuring charges	18.6	33.2		9.5	
Impairment charges		32.0			
Income (loss) from operations	(26.6)	(182.0)	128.0	(246.0)	(554.2)
Income (loss) from continuing operations	(43.3)	(183.4)	98.9	(262.4)	(568.6)
Income (loss) from discontinued operations			2.2	(73.5)	(48.2)
Net income (loss)	$ (43.3)	$ (183.4)	$ 101.1	$ (335.9)	$ (616.8)
Net income (loss) per share basic					
Continuing operations	$ (0.17)	$ (0.74)	$ 0.41	$ (1.10)	$ (2.75)
Discontinued operations	$	$	$ 0.01	$ (0.31)	$ (0.23)
Total	$ (0.17)	$ (0.74)	$ 0.42	$ (1.40)*	$ (2.98)
Net income (loss) per share diluted					
Continuing operations	$ (0.17)	$ (0.74)	$ 0.39	$ (1.10)	$ (2.75)
Discontinued operations	$	$	$ 0.01	$ (0.31)	$ (0.23)
Total	$ (0.17)	$ (0.74)	$ 0.40	$ (1.40)*	$ (2.98)
Balance Sheet Data:					
Total assets	$ 2,177.8	$ 2,107.7	$ 2,536.7	$ 2,175.3	$ 2,530.0
Long-term debt, net of current portion	$ 575.8	$ 382.6	$ 355.8	$ 206.3	$ 244.5
Total stockholders equity	$ 553.0	$ 576.6	$ 746.7	$ 620.1	$ 929.8

* Does not add due to rounding

Table of Contents

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The merger will be accounted for under the purchase method of accounting, which means the assets and liabilities of Maxtor will be recorded, as of completion of the merger, at their respective fair values and added to those of Seagate. For a more detailed description of purchase accounting see The Merger Accounting Treatment of the Merger on page 70.

The following table shows information about the unaudited pro forma financial condition and results of operations after giving effect to the merger. The table sets forth selected unaudited pro forma condensed combined statement of operations data as if the merger had become effective on July 3, 2004, and selected unaudited pro forma condensed combined balance sheet data as if the merger had become effective on December 30, 2005. Seagate has a fiscal year end of the Friday closest to June 30 whereas Maxtor has a fiscal year end of the last Saturday of December. In order to prepare the selected unaudited pro forma condensed combined statement of operations for the year ended July 1, 2005 and for the six months ended December 30, 2005, Maxtor s operating results have been aligned to more closely conform to those of Seagate. This was done utilizing Maxtor s historical financial statements as of and for the years ended December 25, 2004 and December 31, 2005, and Maxtor s historical unaudited financial statements as of and for the six-month periods ended June 26, 2004 and July 2, 2005.

The information presented below should be read together with the historical consolidated financial statements of Seagate and Maxtor, including the related notes, filed by each of them with the Securities and Exchange Commission incorporated herein by reference and together with the consolidated historical financial data for Seagate and Maxtor and the other unaudited pro forma financial information, including the related notes, appearing elsewhere in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 147 and Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 92. The unaudited pro forma financial data are not necessarily indicative of results that actually would have occurred had the merger been completed on the dates indicated or that may be attained in the future. See also Risk Factors beginning on page 15 and Information Regarding Forward-Looking Statements beginning on page 20.

Unaudited Pro Forma Combined (in millions, except per share data and debt ratio)	Six Months Ended December 30, 2005	Year Ended July 1, 2005
Operating revenues	$ 6,286	$ 11,452
Operating income	549	414
Net income	563	399
Net income per basic share	0.98	0.71
Net income per diluted share	0.92	0.66
Cash dividends declared per common share	0.16	0.26
Total assets	9,163	
Long-term debt	996	
Debt ratio(1)	16.2%	
Total shareholders equity	5,138	

(1) Debt ratio reflects pro forma debt as percentage of total capital calculated as the sum of debt plus equity as reported on the balance sheet.

Table of Contents

SELECTED UNAUDITED COMPARATIVE PER SHARE DATA

The following table shows certain per share data for Seagate common shares and Maxtor common stock on a historical and pro forma basis reflecting the merger of Seagate and Maxtor, accounted for as a purchase as if it had been consummated as of July 3, 2004 and assuming that 0.37 Seagate common shares had been issued in exchange for each outstanding share of Maxtor common stock. This information is only a summary and you should read it in conjunction with the financial information appearing elsewhere in this document and the other documents incorporated by reference in this document. The per share pro forma data in the following table is presented for comparative purposes only and is not necessarily indicative of the combined financial position or results of operations in the future or what the combined financial position or results of operations would have been had the merger been completed during the periods or as of the dates for which this pro forma data is presented.

Seagate Historical Financial Data:

	Six Months Ended December 30, 2005	Year Ended July 1, 2005
Net income per common share Basic	$ 1.16	$ 1.51
Net income per common share Diluted	1.10	1.41
Cash dividends declared per common share	0.16	0.26
Book value per common share	6.45	5.33

Maxtor Historical Financial Data:

	Year Ended December 31, 2005
Net loss per common share Basic	$ (0.17)
Net loss per common share Diluted	(0.17)
Cash dividends declared per common share	
Book value per common share	2.16

Unaudited Pro Forma Condensed Combined Comparative Per Share Data:

	Six Months Ended December 30, 2005	Year Ended July 1, 2005
Net income per common share Basic	$ 0.98	$ 0.71
Net income per common share Diluted	0.92	0.66
Cash dividends declared per common share	0.16	0.26
Book value per common share	8.90	

Unaudited Pro Forma Equivalent Per Share Data for Maxtor:

		Six Months Ended December 30, 2005	Year Ended July 1, 2005
Net income per common share	Basic	$ 0.36	$ 0.26
Net income per common share	Diluted	0.34	0.24
Cash dividends declared per common share			
Book value per common share		3.29	

Table of Contents

RISK FACTORS

In deciding whether to vote for approval of the issuance of Seagate common shares in the merger, in the case of Seagate shareholders, or for adoption of the merger agreement, in the case of Maxtor stockholders, we urge you to carefully consider the following risk factors relating to the merger in addition to all of the information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the caption Information Regarding Forward-Looking Statements on page 20. You should also read and consider the risks associated with each of the business of Seagate and Maxtor because these risks will affect the combined company. These risk factors can be found in Seagate s Annual Report on Form 10-K for the year ended July 1, 2005 and Quarterly Report on Form 10-Q for the quarter ended December 30, 2005 and Maxtor s Annual Report on Form 10-K for the year ended December 31, 2005, which are filed with the Securities and Exchange Commission and incorporated by reference into this joint proxy statement/prospectus.

The failure to successfully integrate Maxtor s business and operations in the expected time frame may adversely affect the combined company s future results.

Seagate believes that the acquisition of Maxtor will result in certain benefits, including certain cost synergies, drive product innovations, and operational efficiencies. However, to realize these anticipated benefits, the businesses of Seagate and Maxtor must be successfully combined. The success of the merger will depend on the combined company s ability to realize these anticipated benefits from combining the businesses of Seagate and Maxtor. The combined company may fail to realize the anticipated benefits of the merger for a variety of reasons, including the following:

- failure to successfully manage relationships with customers, distributors and suppliers;
- failure of customers to accept new products or to continue as customers of the combined company;
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company;
- revenue attrition in excess of anticipated levels;
- failure to qualify the combined company s products as a primary source of supply with OEM customers on a timely basis or at all;
- failure to combine product offerings and product lines quickly and effectively;
- potential incompatibility of technologies and systems;
- failure to leverage the increased scale of the combined company quickly and effectively;
- potential difficulties integrating and harmonizing financial reporting systems; and

the loss of key employees.

In addition, although we currently plan to transition Maxtor s volume to Seagate products starting in the first three to six months after the closing and expect this transition to be complete within nine to 12 months after the closing, we cannot assure you that we will be successful with this transition during the contemplated time frames or at all. Due to legal restrictions, Seagate and Maxtor have conducted, and until the completion of the merger will conduct, only limited planning regarding the integration of the two companies following the merger and will not determine the exact nature in which the two companies will be combined until after the merger has been completed. Completion of the merger is subject to satisfaction of a number of conditions, including the receipt of certain foreign regulatory approvals for which the timing cannot be predicted. The actual integration may result in additional and unforeseen expenses or delays. If the combined company is not able to successfully integrate Maxtor s business and operations, or if there are delays in combining the businesses, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Table of Contents

We expect the integration of Seagate and Maxtor will result in revenue attrition, significant accounting charges and increased capital expenditures that will have an adverse effect on the results and financial condition of the combined company, and the pro forma financial information contained in this joint proxy statement/prospectus may not be indicative of the future results of the combined company.

The financial results of the combined company may be adversely affected by cash expenditures and non-cash charges incurred in connection with the combination. The cash expenditures have been preliminarily estimated to be approximately $500 million and include restructuring and integration activities and retention bonuses. In addition to the anticipated cash expenditures, we expect significant non-cash charges, including those associated with the amortization of intangible assets and stock-based compensation, which we currently estimate at approximately $370 million (approximately $300 million of which is expected to be incurred in the first year following the closing). We anticipate that the majority of these cash expenditures and non-cash charges will occur in the 12 months following the closing of the merger. The actual amount of the stock-based compensation charge will depend on the price of the Seagate common shares and the number of Maxtor options and restricted stock units outstanding as of the closing date, but we estimate that this charge would be approximately $32 million for the first 12 months after the closing and an aggregate of $47 million over the following two years, in each case based on a hypothetical closing date of April 10, 2006. A substantial portion of the cash expenditures relating to restructuring activities will be recorded as liabilities assumed from Maxtor and will increase goodwill, while the non-cash charges will reduce earnings of the combined enterprise. In addition, the combined company is likely to incur revenue attrition, which would result in lower combined revenues than those shown in the pro forma financial information contained in this joint proxy statement/prospectus. We also anticipate approximately $580 million of incremental capital expenditures as we combine operations in the first 18 to 24 months after the closing. The revenue attrition and capital expenditures, as well as the cash restructuring and integration activities and the retention bonuses described above, are not reflected in the unaudited condensed combined pro forma financial statements contained in this joint proxy statement/prospectus and the unaudited condensed combined pro forma financial statements may not be indicative of the actual results of the combined company following the merger. In addition, as a result of the revenue attrition, capital expenditures and charges described above, the operating results and financial condition of the combined company may be adversely affected after the consummation of the merger, particularly in the first year following the closing.

The announcement and pendency of the merger could cause disruptions in the businesses of Seagate and Maxtor, which could have an adverse effect on their respective business and financial results, and consequently on the combined company.

Seagate and Maxtor have operated and, until the completion of the merger, will continue to operate independently. Uncertainty about the effect of the merger on employees, customers, distributors and suppliers may have an adverse effect on Seagate and Maxtor and consequently on the combined company. These uncertainties may impair Seagate s and Maxtor s ability to retain and motivate key personnel and could cause customers, distributors, suppliers and others with whom each company deals to seek to change existing business relationships which may materially and adversely affect their respective businesses. Due to the materiality standards agreed to by the parties in the merger agreement, Seagate and Maxtor may be obligated to consummate the merger in spite of the adverse effects resulting from the disruption of Seagate s and Maxtor s ongoing businesses. Furthermore, this disruption could adversely affect the combined company s ability to maintain relationships with customers, distributors, suppliers and employees after the merger or to achieve the anticipated benefits of the merger. For example, in many instances, Seagate and Maxtor serve the same customers, and some of these customers may decide it is desirable to have additional or different suppliers, reducing the combined company s share of the market. Revenues that may have ordinarily been received by Seagate or Maxtor may be delayed until or after the merger is completed or not earned at all, and cost reductions that would ordinarily have been achieved might be delayed or not achieved at all, whether or not the merger is completed. Moreover, integration efforts between the two companies will also divert management attention and resources. Each of these events could adversely affect Seagate or Maxtor in the near term and the combined company, if the merger is completed.

Table of Contents

The required regulatory approvals may not be obtained or may contain materially burdensome conditions.

Completion of the merger is conditioned upon the receipt of certain governmental approvals, including approval by the European Commission under EC merger regulations, which has not yet been obtained as of the date of this joint proxy statement/prospectus and may not be obtained prior to the date of the shareholder meetings or at all. Although Seagate and Maxtor have agreed in the merger agreement to use their best efforts to obtain the requisite governmental approvals, there can be no assurance that these approvals will be obtained. In addition, the governmental entities from which these approvals are required may impose conditions on the completion of the merger or require changes to the terms of the merger. While Seagate and Maxtor do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of jeopardizing or delaying completion of the merger or reducing the anticipated benefits of the merger. If Seagate agrees to any material conditions in order to obtain any approvals required to complete the merger, the business and results of operations of the combined company may be adversely affected.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Seagate and Maxtor.

If the merger is not completed, the ongoing businesses of Seagate and Maxtor may be adversely affected and Seagate and Maxtor will be subject to a number of risks, including the following:

- Maxtor may be required to pay Seagate a termination fee of $53 million if the merger agreement is terminated as a result of a change in recommendation of Maxtor s board of directors, entry by Maxtor into a definitive agreement with respect to a superior proposal, a breach by Maxtor of its non-solicitation obligations, or, under certain circumstances, the failure to hold a meeting of Maxtor stockholders or the failure of Maxtor stockholders to adopt the merger agreement;

- Seagate may be required to pay Maxtor a reverse termination fee of (i) $300 million if the merger agreement is terminated as a result of the failure to obtain certain antitrust or other regulatory approvals or, under certain circumstances, the failure to complete the merger by March 20, 2007 and (ii) $10 million plus an amount equal to the sum of Maxtor s expenses if the merger agreement is terminated as a result of the failure of Seagate shareholders to approve the issuance of Seagate common shares in the merger;

- Seagate and Maxtor will be required to pay certain costs relating to the merger, such as legal, accounting, financial advisor and printing fees whether or not the merger is completed; and

- matters relating to the merger (including integration planning) may require substantial commitments of time and resources by management of each of the companies, which could otherwise have been devoted to other opportunities that may have been beneficial to their respective companies,

in each case, without realizing any of the benefits of having completed the merger. If the merger is not completed, these risks may materialize and may adversely affect each company s business, financial results and stock price.

In addition, Maxtor will be subject to the following specific risks if the merger is not completed:

The market price of Maxtor s common stock may decline to the extent that the current market price includes a market assumption that the merger will be completed;

The deterioration of Maxtor s business in the interim period may be significant and Maxtor may find it difficult to continue as a stand-alone entity; and

Maxtor may experience a negative reaction to the termination of the merger from its customers, suppliers, distributors or partners which may adversely impact Maxtor s future operating results.

Table of Contents

Because the market price of Seagate common shares will fluctuate, the value of the Seagate common shares that will be issued in the merger will not be known until the closing of the merger.

The value of the Seagate common shares to be issued in the merger could be considerably higher or lower than they were at the time the merger consideration was negotiated. Neither Seagate nor Maxtor is permitted to terminate the merger agreement or resolicit the vote of Maxtor stockholders solely because of changes in the market prices of either company s stock. Stock price changes may result from a variety of factors, including changes in the respective businesses operations and prospects of Seagate and Maxtor, changes in general market and economic conditions, and regulatory considerations. Many of these factors are beyond the control of Seagate or Maxtor.

Upon the completion of the merger, each share of Maxtor common stock outstanding immediately prior to the merger will be converted into the right to receive 0.37 Seagate common shares. Because the exchange ratio for Seagate common shares to be issued in the merger has been fixed, the value of the merger consideration will depend upon the market price of Seagate common shares. This market price may vary from the closing price of Seagate common shares on the date the merger was announced, on the date that the joint proxy statement/prospectus is mailed to Maxtor stockholders and Seagate shareholders and on the date of the Seagate extraordinary general meeting or the Maxtor annual meeting. Accordingly, at the time of the stockholder meetings, stockholders will not know or be able to calculate the value of the merger consideration that would be issued upon completion of the merger. Further, the time period between the stockholder votes taken at the meetings and the completion of the merger will depend on the status of antitrust clearances that must be obtained prior to the completion of the merger and the satisfaction or waiver of other conditions to closing, and there is currently no way to predict how long it will take to obtain these approvals or what conditions, if any, are imposed on the combined company in order to obtain these approvals. We are also unable to predict the changes in Seagate s and Maxtor s respective businesses, operations and prospects or in the disc drive industry generally that may occur during the interval between the shareholder meetings and the completion of the merger.

Former Maxtor stockholders who become shareholders of Seagate will have their shareholder rights governed by the third amended and restated memorandum of association of Seagate and by the Companies Law (2004 Revision) and the common law of the Cayman Islands.

Maxtor stockholders who receive Seagate common shares in the merger will become Seagate shareholders and their rights as shareholders will be governed by the third amended and restated memorandum of association of Seagate and by the Companies Law (2004 Revision) and the common law of the Cayman Islands. As a result, there will be material differences between the current rights of Maxtor s stockholders and the rights they can expect to have as Seagate shareholders. For example, among other differences, Maxtor provides for a staggered board of directors but Seagate does not, and thus the acquisition or change of control of Seagate by a third party that the board, in its judgment, might not have favored may be easier to effect. In addition, the rights of Seagate s shareholders and the fiduciary responsibilities of Seagate s directors under Cayman Islands law are not as clearly established as under statutes or judicial precedent in Delaware, which is where Maxtor is incorporated. Therefore, Seagate shareholders may have more difficulty in protecting their interests in the face of actions by Seagate s management or directors than would Maxtor stockholders, due to the comparatively less developed nature of Cayman Islands law in this area. See Comparison of Shareholder Rights beginning on page 105.

The market price of Seagate common shares after the merger may be affected by factors different from those affecting the shares of Seagate or Maxtor currently.

The businesses of Seagate and Maxtor differ and, accordingly, the results of operations of the combined company and the market price of the combined company s shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of Seagate common shares and Maxtor common stock.

18

Table of Contents

Executive officers and directors of Maxtor have interests that may have influenced them to support or approve the merger.

Maxtor s executive officers and directors may have interests in the merger that are different from, or in addition to, the interests of Maxtor stockholders generally. For example, as a result of the merger or other triggering events, the vesting of options and other equity awards held by the executive officers and directors may be accelerated, and Maxtor or the combined company may make cash severance payments to certain executive officers that could total a maximum of approximately $13 million, assuming completion of the merger and their involuntary termination of employment on July 1, 2006 and satisfaction of other conditions of payment, including the execution of restrictive covenant agreements. Maxtor s board of directors was aware of and took into account these arrangements when it approved the merger. See The Merger Interests of Maxtor s Directors and Executive Officers in the Merger beginning on page 62.

If Maxtor s former stockholders sell the Seagate common shares received in the merger immediately, they could cause a decline in the market price of Seagate common shares.

Seagate s issuance of common shares in the merger will be registered under the federal securities laws. As a result, those shares will be immediately available for resale in the public market, except for shares issued to Maxtor s former stockholders who are affiliates of Maxtor before the merger or who become affiliates of Seagate after the merger will be subject to additional transfer restrictions. See The Merger Restrictions on Sales of Shares by Affiliates of Maxtor on page 74. The number of shares of Seagate common shares to be issued to Maxtor s former stockholders in connection with the merger, and immediately available for resale, will equal approximately 16% of the number of outstanding Seagate common shares. Maxtor s former stockholders may sell the stock they receive immediately after the merger. If this occurs, or if other holders of Seagate common shares sell significant amounts of Seagate common shares immediately after the merger is completed, the market price of Seagate common shares may decline.

Maxtor and Maxtor s directors are parties to a pending lawsuit seeking injunctive relief in connection with the merger.

On January 20, 2006, Theodore F. Vahl commenced a purported shareholder class action lawsuit in the Superior Court of the State of California, County of Santa Clara against Maxtor, Maxtor s Chairman and Chief Executive Officer, and certain members of Maxtor s Board of Directors alleging that the defendants violated their fiduciary duties and seeking injunctive relief in connection with the proposed merger. On March 1, 2006, defendants filed an Answer and Demurrer. Thereafter, plaintiff indicated that he would file an amended complaint and defendants stipulated that an amended complaint could be filed without leave of court. The amended complaint has not yet been filed. The lawsuit is in its preliminary stages and it is impossible to predict the outcome or the length of time it will take to resolve the action. No assurances can be given that the lawsuit will not result in the issuance of an injunction. A preliminary injunction could delay or jeopardize the completion of the merger; an adverse judgment granting injunctive relief could permanently enjoin the completion of the merger.

Table of Contents

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the benefits of the merger between Seagate and Maxtor, including future financial and operating results and performance; statements about Seagate s and Maxtor s plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, will, should, may or wo meaning. These forward-looking statements are based upon the current beliefs and expectations of Seagate s and Maxtor s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of Seagate and Maxtor. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- those discussed and identified in public filings with the Securities and Exchange Commission made by Seagate and Maxtor, including Seagate s Annual Report on Form 10-K for the year ended July 1, 2005 and Quarterly Report on Form 10-Q for the quarter ended December 30, 2005 and Maxtor s Annual Report on Form 10-K for the year ended December 31, 2005;

- the businesses of Seagate and Maxtor may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected;

- the expected growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;

- operating costs, customer losses and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected;

- governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;

- the variable demand and the aggressive pricing environment for disc drives;

- dependence on each company s ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality its current disc drive products; and

- the adverse impact of competitive product announcements and possible excess industry supply with respect to particular disc drive products.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document. All subsequent written and oral forward-looking statements concerning the merger

or other matters addressed in this document and attributable to Seagate or Maxtor or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Seagate and Maxtor undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Table of Contents

INFORMATION ABOUT THE COMPANIES

Seagate Technology

Seagate is a leader in the design, manufacturing and marketing of rigid disc drives. Rigid disc drives, which are commonly referred to as disc drives or hard drives, are used as the primary medium for storing electronic information in systems ranging from desktop and notebook computers, and consumer electronics devices to data centers delivering information over corporate networks and the internet. Seagate produces a broad range of disc drive products that make it a leader in the industry with products addressing enterprise applications, where its products are used in enterprise servers, mainframes and workstations; desktop applications, where its products are used in desktop computers; mobile computing applications, where its products are used in notebook computers; and consumer electronics applications, where its products are used in digital video recorders, digital music players, gaming devices, global positioning navigation systems and photo printers.

Seagate sells its disc drives primarily to major original equipment manufacturers, or OEMs, and also markets to distributors and retailers under its globally recognized brand name.

Seagate s products address substantially all of the available consumer electronics, mobile computing, enterprise and desktop storage markets. Seagate pursues a highly integrated approach to its business by designing and manufacturing a significant portion of the components it views as critical to its products, such as read/write heads and recording media. Seagate believes that its control of these key technologies, combined with its platform design and manufacturing, enables it to achieve product performance, time-to-market leadership and manufacturing flexibility, which allows Seagate to respond to customers and market opportunities. Seagate s technology ownership combined with its integrated design and manufacturing has allowed it to effectively leverage its leadership in traditional computing markets into new, higher-growth markets with only incremental product development and manufacturing costs.

The address of Seagate s principal executive offices is P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, and its telephone number at that address is (345) 949-8066. The address of Seagate s U.S. executive offices is 920 Disc Drive, Scotts Valley, California 95066 and its telephone number at that address is (831) 438-6550. For additional information on Seagate, see Where You Can Find More Information beginning on page 147.

Table of Contents

Maxtor Corporation

Maxtor Corporation is one of the world s leading suppliers of hard disc drives for desktop, enterprise and consumer electronics applications. Maxtor s desktop products are marketed under the DiamondMax, and MaXLine brand names and consist of 3.5-inch disc drives with storage capacities that range from 40 to 500 gigabytes, or GB, which is equivalent to one million bytes. These drives are used primarily in desktop computers. In addition, there is an emerging market for these products in a variety of consumer electronic applications, including digital video recorders, set-top boxes and game consoles, as well as personal storage applications, which we market under the Quickview brand name. Maxtor also provides a line of high-capacity ATA/Serial ATA drives for use in mid-line and near-line storage applications for the enterprise market. Maxtor s MaXLine-branded drives, with 250 or 500 GB of capacity, are designed specifically for high-reliability to meet the needs of enterprise customers who need ready access to fixed content data files. Maxtor offers a line of high-end 3.5-inch hard disc drives for use in high-performance, storage-intensive enterprise applications such as workstations, enterprise servers and storage subsystems. These Intel-based server products are marketed under the Atlas brand name and provide storage capacities of 18.4 to 300 GB at speeds of 10,000 rotations per minute, or RPM, and 15,000 RPM.

Maxtor s hard disc drive manufacturing operations consist primarily of the final assembly of high-level subassemblies, built to Maxtor s specifications, and the testing of completed products. Maxtor manufactures its disc drives in two locations Singapore and Suzhou, China. Maxtor s manufacturing facilities utilize a cell-based process, enabling Maxtor to dedicate manufacturing cells to a particular product model. Maxtor combines its cell-based approach with a sophisticated factory information system that collects data on various product and quality metrics. The cell-based approach provides Maxtor with the flexibility to readily scale its production in response to customer needs.

The address of Maxtor s principal executive offices is 500 McCarthy Boulevard, Milpitas, California 95035 and its telephone number at that address is (408) 894-5000. For additional information on Maxtor, see Where You Can Find More Information beginning on page 147.

Table of Contents

THE EXTRAORDINARY GENERAL MEETING OF SEAGATE SHAREHOLDERS

General

This document is being furnished to holders of Seagate common shares for use at an extraordinary general meeting of Seagate shareholders and any adjournments or postponements of the meeting.

When and Where the Seagate Extraordinary General Meeting Will Be Held

The Seagate extraordinary general meeting will be held on Wednesday, May 17, 2006 at Hilton Santa Cruz/Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California, at 10:00 a.m., Pacific Time, subject to any adjournments or postponements.

Purpose of the Extraordinary General Meeting

The purpose of the Seagate extraordinary general meeting is to consider and vote upon the following proposals:

- To approve the issuance of Seagate common shares pursuant to the merger agreement, as the same may be amended from time to time; and
- To approve adjournment of the extraordinary general meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the extraordinary general meeting to approve the issuance of Seagate common shares in the merger.

Seagate shareholders will also be asked to transact any other business as may properly come before the Seagate extraordinary general meeting or any adjournment or postponement of the Seagate extraordinary general meeting.

Seagate shareholders must vote to approve the issuance of Seagate common shares in the merger in order for the merger to occur. If Seagate shareholders fail to vote to approve the issuance of Seagate common shares in the merger, the merger will not occur.

Record Date; Shareholders Entitled to Vote

Seagate s only outstanding class of voting securities is its common shares, par value $0.00001 per share. All persons who are holders of record of Seagate common shares at the close of business on April 11, 2006, the record date for the Seagate extraordinary general meeting, will be entitled

to notice of, and to vote at, the Seagate extraordinary general meeting. As of the close of business on the record date, there were outstanding 492,954,749 common shares held by 922 shareholders of record.

Quorum and Voting Requirements

The holders of a majority of the outstanding shares of Seagate common shares on the record date represented in person or by proxy will constitute a quorum for purposes of the extraordinary general meeting. A quorum is necessary to hold the Seagate extraordinary general meeting. Once a share is represented at the Seagate extraordinary general meeting, it will be counted for the purpose of determining a quorum at the Seagate extraordinary general meeting and any postponement or adjournment of the extraordinary general meeting. However, if a new record date is set for the adjourned extraordinary general meeting, then a new quorum will have to be established.

The affirmative vote of a majority of all the votes cast by holders of common shares represented in person or by proxy at the Seagate extraordinary general meeting is necessary to approve the issuance of Seagate common shares in the merger and to approve adjournments of the Seagate extraordinary general meeting.

Table of Contents

At the Seagate extraordinary general meeting, each Seagate common share is entitled to one vote on all matters properly submitted to the Seagate shareholders.

As of the record date, directors and executive officers of Seagate and their affiliates beneficially owned and were entitled to vote 81,664,073 Seagate common shares, or approximately 17% of the outstanding Seagate common shares entitled to vote at the Seagate extraordinary general meeting. Maxtor has entered into voting agreements with certain Seagate shareholders, including certain executive officers and directors of Seagate, pursuant to which these shareholders agreed, among other things and subject to limited exceptions, to vote their Seagate common shares in favor of the issuance of Seagate common shares in the merger. As of the record date, these shareholders owned 79,058,058 Seagate common shares representing approximately 16% of the outstanding Seagate common shares.

Proxies; Revocation

If you are a shareholder of record, you should complete and return the proxy card accompanying this document, or vote by telephone or the internet as described under Voting Electronically or by Telephone in order to ensure that your vote is counted at the Seagate extraordinary general meeting, or at any adjournment or postponement of the Seagate extraordinary general meeting, regardless of whether you plan to attend the Seagate extraordinary general meeting. Submitting a proxy now will not prevent you from being able to vote at the extraordinary general meeting by attending in person and casting a vote. All Seagate common shares represented by properly executed proxies received before or at the Seagate extraordinary general meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies. Proxies that are properly signed and dated but that do not contain voting instructions will be voted FOR the issuance of Seagate common shares in the merger and FOR any adjournments of the Seagate extraordinary general meeting. In addition, if other matters properly come before the Seagate extraordinary general meeting, or at any adjournment or postponement of the Seagate extraordinary general meeting, Seagate intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card unless you withhold authority to do so on the proxy card. Seagate s board of directors is currently unaware of any other matters that may be presented for action at the Seagate extraordinary general meeting.

If your shares are held in street name by your broker or bank, you should instruct your broker or bank how to vote your shares using the instructions provided by your broker or bank. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker or bank and they can give you instructions on how to vote your shares. If an executed proxy card returned by a broker or bank indicates that the broker or bank does not have discretionary authority to vote on a particular matter, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be voted. This is called a broker non-vote. Your broker or bank will vote your shares over which it does not have discretionary authority only if you provide instructions on how to vote by following the instructions provided to you by your broker or bank. Seagate common shares held by persons attending the Seagate extraordinary general meeting but not voting, or shares for which Seagate has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and properly executed broker non-votes, if any, will be treated as shares that are present and entitled to vote at the Seagate extraordinary general meeting for purposes of determining whether a quorum exists but will have no effect on the outcome of the proposals.

Attendance at the Seagate Extraordinary General Meeting

If your shares are held in street name, then your name will not appear in Seagate s register of members and the nominee will be entitled to vote your shares. In order to be admitted to the Seagate extraordinary general meeting, you must bring a letter or account statement showing that you beneficially own the shares held by the nominee. Even if you attend the extraordinary general meeting, you will not be able to vote the shares that you hold in street name unless you have received a written proxy in your name from the broker, bank or other nominee who holds your shares.

24

Table of Contents

You may revoke your proxy at any time before the vote is taken at the Seagate extraordinary general meeting. If you have not voted through your bank or broker, you may revoke your proxy by:

- submitting written notice of revocation to the Corporate Secretary of Seagate, 900 Disc Drive, Scotts Valley, California 95066, prior to the voting of that proxy;
- submitting a properly executed proxy of a later date; or
- voting in person at the Seagate extraordinary general meeting; however, simply attending the Seagate extraordinary general meeting without voting will not revoke an earlier proxy.

If your shares are held in street name, you should follow the instructions of your bank or broker regarding the revocation of proxies.

Voting Electronically or by Telephone

Shareholders of record and many shareholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions electronically through the internet or by telephone. Please note that there are separate arrangements for using the internet and telephone depending on whether your shares are registered in Seagate s register of shares in your name or in the name of a broker, bank or other nominee who holds your shares. If you hold your shares through a broker, bank or other nominee, you should check your proxy card or voting instruction card forwarded by your broker, bank or other nominee who holds your shares to see which options are available.

In addition to submitting the enclosed proxy by mail, Seagate shareholders of record may submit their proxies by telephone or internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to submit your proxy by telephone or by internet, please contact Morrow & Co., Inc. by telephone at (800) 607-0088 (toll free) or by email at *seagate.info@morrowco.com*.

Solicitation of Proxies

Seagate will pay the cost of the Seagate extraordinary general meeting and the cost of soliciting proxies for the Seagate extraordinary general meeting. In addition to soliciting proxies by mail, Seagate may solicit proxies by person, telephone and other solicitations by directors, officers or employees of Seagate and Maxtor. No director, officer or employee of Seagate or Maxtor will be specifically compensated for these activities. Seagate also intends to request that brokers, banks and other nominees solicit proxies from their principals, and Seagate will pay the brokers, banks and other nominees certain expenses they incur for those activities. Seagate has retained Morrow & Co., Inc., a proxy soliciting firm, to assist Seagate in the solicitation of proxies. Morrow s solicitation fee is approximately $7,500, plus out-of-pocket expenses.

Voting Procedures and Tabulation

Seagate has appointed Computershare Trust Company as the inspector of elections to act at the extraordinary general meeting and to make a written report thereof. Prior to the extraordinary general meeting, the inspector will sign an oath to perform his duties in an impartial manner and according to the best of his or her ability. The inspector will ascertain the number of common shares outstanding and the voting power of each, determine the common shares represented at the Seagate extraordinary general meeting and the validity of proxies and ballots, count all votes and ballots, and perform certain other duties. The determination of the inspector as to the validity of proxies will be final and binding.

Table of Contents

THE ANNUAL MEETING OF MAXTOR STOCKHOLDERS

General

This document is being furnished to holders of Maxtor common stock for use at an annual meeting of Maxtor stockholders and any adjournments or postponements of the meeting.

When and Where the Maxtor Annual Meeting Will Be Held

The Maxtor annual meeting will be held on Wednesday, May 17, 2006 at the corporate headquarters of Maxtor at 500 McCarthy Boulevard, Milpitas, California 95035, at 10:00 a.m., Pacific Time, subject to any adjournments or postponements.

Purpose of the Annual Meeting

The purpose of the Maxtor annual meeting is to consider and vote upon the following proposals:

- To adopt the merger agreement, as the same may be amended from time to time;
- To elect three Class II directors to hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified;
- To ratify the engagement of PricewaterhouseCoopers LLP as Maxtor s independent registered public accounting firm for the fiscal year ending December 30, 2006; and
- To vote upon adjournment of the annual meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the proposal to adopt the merger agreement.

Maxtor stockholders will also be asked to transact any other business as may properly come before the Maxtor annual meeting or any adjournment or postponement of the Maxtor annual meeting.

Maxtor stockholders must vote to adopt the merger agreement in order for the merger to occur. If Maxtor stockholders fail to vote to adopt the merger agreement, the merger will not occur. Approval of the other proposals is not a condition to the merger.

Record Date; Stockholders Entitled to Vote

Maxtor s only outstanding class of voting securities is its common stock, par value $0.01 per share. All persons who are holders of record of Maxtor common stock at the close of business on April 11, 2006, the record date for the Maxtor annual meeting, will be entitled to notice of, and to vote at, the Maxtor annual meeting. As of the close of business on the record date, there were outstanding 260,533,846 common shares held by 1,254 stockholders of record.

Quorum and Voting Requirements

The holders of a majority of the outstanding shares of Maxtor common stock on the record date represented in person or by proxy will constitute a quorum for purposes of the annual meeting. A quorum is necessary to hold the Maxtor annual meeting. Any shares of Maxtor common stock held in treasury by Maxtor or by any of its subsidiaries are not considered to be outstanding for purposes of determining a quorum. Once a share is represented at the Maxtor annual meeting, it will be counted for the purpose of determining a quorum at the Maxtor annual meeting and any postponement or adjournment of the annual meeting. However, if a new record date is set for the adjourned annual meeting, then a new quorum will have to be established.

The proposals require different percentages of votes in order to approve them:

- The affirmative vote of the holders of a majority of the shares of Maxtor common stock outstanding on the record date is required to adopt the merger agreement;

Table of Contents

The affirmative vote of a plurality of the votes cast at the annual meeting is required to approve the election of each director nominee;

The affirmative vote of the holders of a majority of the shares of Maxtor common stock represented at the Maxtor annual meeting and entitled to vote is required to ratify the engagement of PricewaterhouseCoopers LLP; and

The affirmative vote of the holders of a majority of the shares of Maxtor common stock represented at the Maxtor annual meeting and entitled to vote is required to adjourn the Maxtor annual meeting.

At the Maxtor annual meeting, each share of Maxtor common stock is entitled to one vote on all matters properly submitted to the Maxtor stockholders.

As of the record date, directors and executive officers of Maxtor and their affiliates beneficially owned and were entitled to vote 4,172,769 shares of Maxtor common stock, or approximately 1.6% of the outstanding shares of Maxtor common stock entitled to vote at the Maxtor annual meeting. Maxtor currently expect that their respective directors and executive officers and their affiliates will vote their shares of Maxtor common stock FOR each of the proposals, although none of them has entered into an agreement requiring them to do so.

When considering the Maxtor board of directors recommendation that you vote in favor of the adoption of the merger agreement, you should be aware that some executive officers and directors of Maxtor may have financial interests in the merger that may be different from, or in addition to, the interests of stockholders of Maxtor. See The Merger Interests of Maxtor s Directors and Executive Officers in the Merger beginning on page 62.

Proxies; Revocation

If you are a stockholder of record, you should complete and return the proxy card accompanying this document, or vote by telephone or the internet as described under Voting Electronically or by Telephone in order to ensure that your vote is counted at the Maxtor annual meeting, or at any adjournment or postponement of the Maxtor annual meeting, regardless of whether you plan to attend the Maxtor annual meeting. Submitting a proxy now will not prevent you from being able to vote at the annual meeting by attending in person and casting a vote. All shares of Maxtor common stock represented by properly executed proxies received before or at the Maxtor annual meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies. Proxies that are properly signed and dated but that do not contain voting instructions will be voted FOR adoption of the merger agreement, FOR the election of each director nominee, FOR the ratification of the engagement of PricewaterhouseCoopers LLP and FOR any adjournment of the Maxtor annual meeting. In addition, if other matters properly come before the Maxtor annual meeting, or at any adjournment or postponement of the Maxtor annual meeting, Maxtor intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card unless you withhold authority to do so on the proxy card. Maxtor s board of directors is currently unaware of any other matters that may be presented for action at the Maxtor annual meeting.

If your shares are held in street name by your broker or bank, you should instruct your broker or bank how to vote your shares using the instructions provided by your broker or bank. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker or bank and they can give you instructions on how to vote your shares. If an executed proxy card returned by a broker or bank indicates that the broker or bank does not have discretionary authority to vote on a particular matter, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be voted. This is called a broker non-vote. Your broker or bank will vote your shares over which it does not have discretionary authority only if you provide instructions on how to vote by following the instructions provided to you by your broker or bank.

27

Table of Contents

Shares of Maxtor common stock held by persons attending the Maxtor annual meeting but not voting, or shares for which Maxtor has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and properly executed broker non-votes, if any, will be treated as shares that are present and entitled to vote at the Maxtor annual meeting for purposes of determining whether a quorum exists but will have the same effect as a vote against adoption of the merger agreement.

Because directors are elected by a plurality of votes cast, which means that the nominees with the largest number of votes are elected as directors up to the maximum number of directors to be chosen at the meeting, abstentions and broker non-votes will have no effect on the outcome of the proposal to elect directors. Because the proposal to ratify the engagement of PricewaterhouseCoopers LLP and the proposal to adjourn the Maxtor annual meeting to a later date or dates, if necessary, to solicit additional proxies require the affirmative vote of the holders of a majority of the shares of Maxtor common stock represented at the Maxtor annual meeting and entitled to vote, abstentions will have the same effect as a vote against the relevant proposal and broker non-votes will have no effect on the outcome of the relevant proposal.

If you are a Maxtor stockholder, the Maxtor board of directors urges you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope, or to submit your proxy by telephone or the internet or to vote by following the instructions of your bank or broker with respect to shares you hold in street name.

Attendance at the Maxtor Annual Meeting

If your shares are held in street name, then your name will not appear in Maxtor s register of stockholders and the nominee will be entitled to vote your shares. In order to be admitted to the Maxtor annual meeting, you must bring a letter or account statement showing that you beneficially own the shares held by the nominee. Even if you attend the annual meeting, you will not be able to vote the shares that you hold in street name unless you have received a written proxy in your name from the broker, bank or other nominee who holds your shares.

You may revoke your proxy at any time before the vote is taken at the Maxtor annual meeting. If you have not voted through your bank or broker, you may revoke your proxy by:

- submitting written notice of revocation to the Secretary of Maxtor, 500 McCarthy Boulevard, Milpitas, California 95035, prior to the voting of that proxy;
- submitting a properly executed proxy of a later date; or
- voting in person at the Maxtor annual meeting; however, simply attending the Maxtor annual meeting without voting will not revoke an earlier proxy.

If your shares are held in street name, you should follow the instructions of your bank or broker regarding the revocation of proxies.

Voting Electronically or by Telephone

Stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions electronically through the internet or by telephone. Please note that there are separate arrangements for using the internet and telephone depending on whether your shares are registered in Maxtor s stock records in your name or in the name of a broker, bank or other nominee who holds your shares. If you hold your shares through a broker, bank or other nominee, you should check your proxy card or voting instruction card forwarded by your broker, bank or other nominee who holds your shares to see which options are available.

In addition to submitting the enclosed proxy by mail, Maxtor stockholders of record may submit their proxies by telephone or internet by following the instructions on their proxy card or voting form. If you have any questions

Table of Contents

regarding whether you are eligible to submit your proxy by telephone or by internet, please contact MacKenzie Partners, Inc. by telephone at (800) 322-2885 (toll free) or by email at *proxy@mackenziepartners.com*.

Solicitation of Proxies

Maxtor will pay the cost of the Maxtor annual meeting and the cost of soliciting proxies for the Maxtor annual meeting. In addition to soliciting proxies by mail, Maxtor may solicit proxies by person, telephone and other solicitations by directors, officers or employees of Maxtor and Seagate. No director, officer or employee of Maxtor or Seagate will be specifically compensated for these activities. Maxtor also intends to request that brokers, banks and other nominees solicit proxies from their principals, and Maxtor will pay the brokers, banks and other nominees certain expenses they incur for those activities. Maxtor has retained MacKenzie Partners, Inc., a proxy soliciting firm, to assist Maxtor in the solicitation of proxies. MacKenzie s solicitation fee is approximately $7,500, plus out-of-pocket expenses.

Voting Procedures and Tabulation

Maxtor has appointed a representative of The Bank of New York Company, Inc. as the inspector of elections to act at the annual meeting and to make a written report thereof. Prior to the annual meeting, the inspector will sign an oath to perform his duties in an impartial manner and according to the best of his or her ability. The inspector will ascertain the number of common shares outstanding and the voting power of each, determine the shares of common stock represented at the Maxtor annual meeting and the validity of proxies and ballots, count all votes and ballots, and perform certain other duties. The determination of the inspector as to the validity of proxies will be final and binding.

MAXTOR STOCKHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES WITH THE PROXY CARDS. YOU WILL RECEIVE SEPARATE WRITTEN INSTRUCTIONS ON HOW TO EXCHANGE YOUR MAXTOR STOCK CERTIFICATES FOR THE MERGER CONSIDERATION IF THE MERGER IS COMPLETED.

Table of Contents

SEAGATE PROPOSAL 1 AND MAXTOR PROPOSAL 1 THE MERGER

Background of the Merger

Seagate and Maxtor are long-time participants in the hard disc drive industry and are very familiar with each other s businesses. Each of them routinely evaluates business alternatives and strategic opportunities as part of their ongoing evaluation of changes in the marketplace and opportunities to strengthen their respective businesses.

In the spring of 2004, Seagate s management began informally discussing the company s strategic business options with Morgan Stanley and another investment bank. In June 2004, the Strategic and Financial Transactions Committee of the Seagate board of directors held a telephonic meeting, which was attended by Seagate s senior management. During this meeting, the committee discussed such potential options with Seagate senior management. After discussion, the committee authorized Seagate s senior management to explore a potential business combination with Maxtor.

Later in the month, Mr. Luczo contacted Dr. C.S. Park, Maxtor s Chairman of the Board, to convey Seagate s interest in a potential business combination with Maxtor, and met with Dr. Park to discuss the matter. The Maxtor board of directors held a special meeting on July 9, 2004, which was attended by representatives of Gray Cary Ware & Freidenrich LLP, Maxtor s outside legal counsel. During this meeting, the Maxtor board received a briefing from Dr. Park on the contact from Seagate and received legal advice from Gray Cary. The Maxtor board authorized further discussions and requested additional information from management and outside counsel for the next board meeting. Dr. Park met again with Mr. Luczo later that month and separately met with William D. Watkins, who had been named Seagate s Chief Executive Officer in addition to his position as President on July 3, 2004, to discuss the potential business combination. The Maxtor board of directors held a special meeting on July 31, 2004, which was attended by representatives of Gray Cary. During this meeting, Dr. Park and Maxtor s then Chief Executive Officer briefed the board on the developments since the last meeting. Gray Cary provided advice regarding certain legal matters. The Maxtor board authorized further discussions and requested further information from management and outside counsel for the next board meeting.

In early August 2004, Morgan Stanley on Seagate s behalf contacted Citigroup, which had been engaged by Maxtor on August 1, 2004 to advise Maxtor concerning strategic alternatives, to discuss Mr. Luczo s proposal. During August 2004, Morgan Stanley and Citigroup had telephone conversations regarding a possible business combination on behalf of their clients, during which Morgan Stanley conveyed to Citigroup Seagate s preliminary views on valuation. During this same period of time, Maxtor also had discussions with one of its component suppliers regarding the possibility of a strategic business combination. On August 5, 2004, the Seagate board of directors held a meeting, which was also attended by representatives of Morgan Stanley, to review the possibility of a strategic business combination with Maxtor. On August 18, 2004, the Maxtor board of directors held a special meeting, which was attended by certain members of the company s senior management and representatives of Gray Cary and Citigroup. During the meeting, management and Citigroup reviewed and provided input on these discussions with Seagate and the component supplier, Gray Cary provided legal advice to the board and the board authorized further discussions with Seagate. In September 2004, Citigroup conveyed to Morgan Stanley Maxtor s view that the initial valuation proposed by Seagate did not compare favorably in Maxtor s view with Maxtor s value as a stand-alone company, and that a significant increase in valuation was warranted. In September 2004, Seagate discontinued its discussions with Maxtor. Also in September 2004, the component supplier discontinued its discussions with Maxtor regarding a possible business combination transaction, having concluded that Maxtor was not a good strategic fit.

In November 2004, Dr. Park was appointed to serve as Chief Executive Officer of Maxtor in addition to his role as Chairman, and a new management team was appointed at Maxtor to develop and pursue a strategy to address Maxtor s financial performance and business execution issues and return Maxtor to profitability. Maxtor management began to execute on its new business plan in 2005. By mid-2005, the new management team had made progress on the business plan, including improving profitability in its enterprise division, expanding its

30

Table of Contents

successful branded products offering and advancing the development of a new desktop product offering planned for release in early 2006, had made progress rationalizing its product roadmap, had planned to partially address component costs by moving its media operations offshore and had accelerated the move of two-thirds of the desktop manufacturing from Maxtor s Singapore factory to Suzhou, China. Maxtor s board of directors believed that its business plan, if achieved, would provide significant value to Maxtor s stockholders, although the market price of Maxtor reflected the risks of a turnaround plan due to execution issues and the relatively short tenure of the new management. Maxtor also faced numerous risks to successful execution, including increasing competition, continuing adverse impact to gross margin from the cost of heads and other key components, execution difficulties in product development and production adversely affecting quality and time to market for new products, difficulties in achieving a reasonable return on investment in research and development, engineering resource constraints, the lack of a 1 product, a 2.5 product and a fibre channel product and the need for improved processes to manage an increasingly complex business model.

In April 2005, Mr. Watkins had a breakfast meeting with Dr. Park, during which Mr. Watkins informally indicated his interest in a potential business combination between Seagate and Maxtor. Dr. Park indicated that if a proposal were made by Seagate, he would review such proposal with the Maxtor board. Dr. Park informed the Maxtor board of this conversation.

On May 13, 2005, Seagate s board of directors held a regular meeting, during which Mr. Watkins apprised the other Seagate directors of his earlier conversation with Dr. Park regarding a potential business combination of Seagate and Maxtor. After discussion of the matter, the board authorized Mr. Watkins to explore a possible transaction with Maxtor.

On June 3, 2005, the Strategic and Financial Transactions Committee of Seagate s board of directors held a meeting to consider a possible business combination with Maxtor. Representatives of Simpson Thacher & Bartlett LLP and Gibson Dunn & Crutcher LLP, outside counsels to Seagate, as well as representatives of Morgan Stanley attended this meeting. During this meeting, Seagate senior management and Morgan Stanley discussed with the Seagate board of directors the potential strategic and operational benefits and risks of a business combination with Maxtor. After discussion, the committee unanimously approved a recommendation to the full Seagate board that the company pursue discussions with Maxtor regarding a possible business combination of the two companies.

On June 9, 2005, Seagate s board of directors had another meeting, which was attended by members of the company s senior management and representatives of Simpson Thacher and Gibson Dunn. During the meeting, Mr. Watkins apprised the other Seagate directors of the preliminary analysis that Seagate had performed regarding a possible business combination with Maxtor. Following this update, the board authorized Mr. Watkins to deliver a letter to the Maxtor board of directors indicating Seagate s interest in a potential business combination with Maxtor.

On June 10, 2005, Seagate engaged Morgan Stanley to act as its financial advisor in connection with a potential business combination of Seagate and Maxtor.

On June 11, 2005, at the request of Mr. Watkins, Dr. Park met with Mr. Watkins and Mr. James A. Davidson, another member of Seagate s board of directors, to discuss whether Maxtor would be interested in exploring a potential strategic business combination with Seagate. During this meeting and pursuant to the authorization of the Seagate board, Mr. Watkins delivered a letter dated June 11, 2005 to Dr. Park, and distributed the same letter to the rest of Maxtor s board of directors, indicating Seagate s interest in exploring a business combination with Maxtor and containing a proposed exchange ratio for a potential transaction, subject to due diligence and board approval of the two companies.

On June 14, 2005, Maxtor s board of directors held a special telephonic board meeting to review and discuss the written indication of interest from Seagate. In attendance were certain members of the company s senior management and representatives of DLA Piper Rudnick Gray Cary US LLP, successor to Gray Cary and outside

31

Table of Contents

counsel to Maxtor, and Citigroup. Citigroup reviewed the terms of Seagate s indication of interest, Seagate s likely goals and objectives, possible courses of action available to Maxtor and the history of discussions between the parties. DLA Piper reviewed with the board the fiduciary duties of directors in considering a strategic business combination with Seagate and other legal considerations, including antitrust review, Maxtor s anti-takeover posture and the possible benefits and costs of a stock purchase rights plan. Maxtor s board discussed the range of alternatives available to Maxtor, information required to make a reasonable business judgment regarding the appropriate course of action and possible responses to Seagate.

On June 17, 2005, Maxtor s board of directors held another special telephonic board meeting to review further matters relating to the proposed business combination with Seagate. Certain members of the company s senior management and representatives of DLA Piper and Citigroup attended this meeting. DLA Piper reviewed certain preliminary antitrust considerations relating to a business combination with Seagate. Citigroup reviewed preliminary views of Maxtor s strategic position, stock performance, market forecasts, analysts views, financial performance of other independent drive manufacturers, strategic alternatives, information regarding Seagate and a preliminary analysis of Seagate s existing proposal.

On June 20, 2005, Maxtor s board of directors held another special telephonic board meeting, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. During the meeting, certain members of senior management provided a review of management s business model and factors impacting Maxtor s ability to execute on the model, as well as Maxtor s current challenges and opportunities as a stand-alone company. Maxtor s management advised that a three-year plan was being prepared and would be presented to the board at an upcoming meeting. Citigroup reviewed with the board alternative responses to Seagate and the costs and benefits of each. DLA Piper reviewed Maxtor s current defensive position and advised the board regarding their fiduciary duties in considering anti-takeover measures and reviewed the costs, benefits and operation of a rights plan. Citigroup provided advice to the board regarding the acquisition environment and Maxtor s defensive posture. Maxtor s board determined to continue to evaluate the need for a rights plan. The board discussed with its advisors a proposed response to Seagate, as well as a proposed nondisclosure agreement and standstill to be executed prior to any discussions. The board discussed goals for the discussions with Seagate and authorized management to meet with Seagate to better understand the strategic and financial benefits and challenges of a proposed business combination with Seagate in comparison to Maxtor s prospects as a stand-alone company. The Maxtor board also requested a presentation on the three-year business plan and the various alternatives to the plan available to Maxtor for its next board meeting.

On June 23, 2005, Seagate and Maxtor entered into a non-disclosure and standstill agreement relating to, among other things, the provision of nonpublic information for each party s use in evaluating a possible strategic business combination.

On June 27, 2005, Maxtor s board of directors held a special board meeting, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. During the meeting, certain members of senior management provided a financial update regarding Maxtor s quarter ending July 2, 2005 and a detailed operations update as to the second and third quarter of 2005 and presented management s three-year business plan. The board discussed with management the assumptions, the range of possible results under the plan, the risks and opportunities for growth and profitability and the likelihood of achievement of results consistent with the plan. The board also discussed Maxtor s current liquidity position. DLA Piper reviewed the terms of the non-disclosure agreement with Seagate, including the standstill covenant. Citigroup reviewed discussions it had with Morgan Stanley regarding Seagate s proposal, and provided an overview of the industry, competitive landscape, consolidation dynamics and drivers and a review of other potential strategic partners and acquirors. The board reviewed with its advisors each of the potential partners and acquirors. Citigroup also provided an analysis concerning Maxtor s three-year business plan, including discussion of the plan s assumptions, growth drivers, preliminary sensitivity analysis and preliminary valuation analysis based on the plan. Citigroup reviewed information relating to Seagate and another participant in the disc drive industry, and provided preliminary financial analysis of a pro forma combination with each of the

Table of Contents

identified industry participants. The board reviewed the relative contributions of Maxtor to a proposed business combination and compared the value to Maxtor stockholders from the combined company plan, including synergies, to the value potentially afforded to stockholders under Maxtor s business plan. The board noted the accretion to earnings possible for a combined company assuming a business combination with either of the identified industry participants, and the implications for Maxtor s negotiating position on valuation in the event of discussions regarding a possible business combination with either party. DLA Piper reviewed certain antitrust considerations relating to a proposed business combination with Seagate and the other identified industry participant and various legal considerations raised by a possible transaction. The board discussed the various alternatives available to Maxtor, including the execution of Maxtor s business plan and various business combination transactions. The Maxtor board authorized preliminary meetings between Seagate and Maxtor s management and financial advisors.

On June 27, 2005, Mr. Duston M. Williams, Maxtor s Executive Vice President, Finance and Chief Financial Officer, and representatives of Citigroup met with Charles Pope, Seagate s Executive Vice President, Finance and Chief Financial Officer, and representatives of Morgan Stanley. During this meeting, Mr. Pope presented Seagate s views on the expected benefits of a business combination of Seagate and Maxtor.

On July 1, 2005, Mr. Watkins, other members of Seagate s senior management and representatives from Morgan Stanley met with Dr. Park, other members of Maxtor s senior management and representatives of Citigroup to discuss the proposed business combination, including the exchange ratio proposal made by Seagate. At that meeting, Seagate provided Maxtor with an overview of the proposed transaction and Seagate s strategic rationale for the proposed transaction. In addition, the parties discussed various strategic, operational and legal issues associated with the possible business combination, including Seagate s regulatory analysis of a possible combination of the two companies.

On July 6, 2005, Maxtor s board of directors held a special telephonic board meeting to discuss the proposed business combination. Certain members of the company s senior management and representatives of DLA Piper and Citigroup attended this meeting. Citigroup provided a summary of the discussions with Seagate that had taken place since the previous board meeting. Mr. Williams provided an updated long range plan and reviewed the assumptions, risks and drivers in the plan, and Citigroup provided additional sensitivity analyses concerning the plan and a further preliminary valuation analysis for Maxtor. Citigroup reviewed a preliminary pro forma transaction analysis and additional information relating to Seagate and its proposal based on the latest discussions with Seagate. The board reviewed Maxtor s prospects as a stand-alone company and other alternatives available to Maxtor, discussing the execution of the strategic plan and its associated risks, and opportunities for growth and profitability under the plan. The board reviewed risks relating to consummation of a business combination with Seagate, including the possible adverse impact of the announcement of the transaction on Maxtor s relationships with its employees, suppliers, customers, as well as the possible adverse effect of the announcement and the pendency of such a transaction on Maxtor s ability to execute on its existing business plan, and the value created for stockholders if management continued to execute on the current business plan. The board discussed with DLA Piper deal terms designed to mitigate risks relating to the consummation of the transaction. In light of the significant risks of the transaction, the relative contribution of Maxtor to the combined company and the significant accretion offered in a business combination between Maxtor and Seagate, the board authorized Dr. Park to communicate to Seagate that further discussions between Maxtor and Seagate should be conditioned on Seagate s willingness to accept certain transaction terms providing certainty of consummation and a significant improvement in the relative valuation of Maxtor in the proposed transaction.

On July 10, 2005, Dr. Park met with Mr. Watkins to discuss the proposed business combination and to convey Maxtor s view of the significant risks to Maxtor if a transaction were announced and not consummated, Maxtor s view of its prospects as a stand-alone company and the Maxtor board s position that further discussions should be conditioned on Seagate s willingness to accept transaction terms providing enhanced certainty of consummation and a significant improvement in relative valuation of Maxtor in the proposed transaction. Dr. Park orally delivered a counter-proposal to Seagate s proposed exchange ratio for a business combination

between the two companies relating to relative ownership of the combined company. Also on July 10, 2005, Mr. Pope and Mr. Williams, together with representatives of Morgan Stanley and Citigroup, continued to discuss the respective parties positions on valuation and other related matters, but no revisions in either party s positions resulted from these discussions.

On July 13, 2005, Mr. Watkins telephoned Dr. Park to advise him that, due to a significant gap in each party s views on the valuation of Maxtor, Seagate would be sending Maxtor a letter terminating discussions.

On July 15, 2005, Seagate delivered a letter to Maxtor s board indicating that discussions would be terminated as of 5:00 p.m. Pacific Time on July 18, 2005 if Seagate did not receive an affirmative indication from Maxtor by that time that Maxtor would be willing to fully discuss the proposed business combination with significant flexibility on valuation, and reiterating the terms and exchange ratio initially proposed by Seagate on June 11, 2005.

Between July 13 and July 18, 2005, Dr. Park had numerous conversations with the Maxtor directors, DLA Piper and Citigroup to discuss Seagate s position and Seagate s letter, after which it was ultimately concluded that there was no Maxtor board support for a change in the position authorized by the board on July 6, 2005 and articulated by Dr. Park to Mr. Watkins.

On July 17, 2005, the Strategic and Financial Transactions Committee of the Seagate board held a meeting to further consider the proposed business combination with Maxtor. Mr. Watkins, other members of Seagate s senior management and representatives of Wilson Sonsini Goodrich & Rosati, Professional Corporation, which had been retained as additional outside counsel, Simpson Thacher, Gibson Dunn and Morgan Stanley attended this meeting. During this meeting Mr. Watkins updated the committee on the status of the discussions with Maxtor, including the deadline of July 18, 2005.

On July 18, 2005, Morgan Stanley and Wilson Sonsini contacted Citigroup to discuss the parties respective positions, but no change in either party s position resulted. Later that day, Morgan Stanley contacted Citigroup to confirm that Seagate s board had decided to terminate discussions with Maxtor regarding the proposed business combination.

On July 21, 2005, Maxtor s board of directors held a special meeting, which was attended by representatives of DLA Piper and Citigroup. Dr. Park and Citigroup briefed the Maxtor board regarding the discussions between the parties leading to Seagate s termination of discussions regarding the proposed business combination.

On September 17, 2005, at the request of Mr. Watkins, Dr. Park met with Mr. Watkins to discuss whether Maxtor would be interested in re-engaging discussions regarding a possible business combination with Seagate. During this meeting, Dr. Park indicated that Maxtor would only proceed with discussions if the parties first came to agreement on fundamental principles regarding transaction terms relating to certainty of consummation. Dr. Park proposed that Maxtor would deliver to Seagate a draft term sheet proposing terms relating to deal certainty under which it would be willing to engage in further discussions on a proposed business combination.

On September 22, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by representatives of DLA Piper and Citigroup. During the meeting, Dr. Park reviewed his recent discussions with Mr. Watkins and Seagate s desire to re-engage in discussions regarding a possible business combination. Dr. Park also reviewed his views on the hard disc drive industry, including the challenges and opportunities, and noted Maxtor s expected third quarter financial results and Maxtor s ongoing initiatives and efforts to improve its operating

results. Dr. Park reviewed the strategic alternatives available to Maxtor, summarizing the risks and opportunities of each strategy, and the board discussed the alternatives and the risks and opportunities of each. Dr. Park reviewed his views on the most likely strategic partners for a business combination, including the costs and benefits associated with such partners. The board recognized that any business combination transaction would need to be compared against management s long range business plan,

Table of Contents

taking into account the risks and opportunities of each alternative. Dr. Park also reviewed the particular risks associated with a business combination with Seagate, including the possible adverse effect of the announcement of such a business combination with Seagate on Maxtor s business and the risk of non-consummation. The board determined that in view of the potential value of a strategic business combination to Maxtor s stockholders and the possible mitigation of risk of execution of Maxtor s operating plan as an independent company, it was in the best interests of Maxtor and its stockholders to re-engage in discussions with Seagate regarding the possibility of a business combination, subject to the condition that Seagate and Maxtor agree upon terms mitigating the risks of the deal not being consummated. DLA Piper reviewed proposed terms mitigating the risk of the deal not being consummated, including relevant market precedents. Citigroup provided its views on the proposed terms. The board authorized Dr. Park to communicate the proposed terms on certainty of deal consummation to Seagate with the clarification that the communications were not an indication of any position of the board on Maxtor s valuation.

On September 24, 2005, Dr. Park met with Mr. Watkins and presented a draft term sheet covering transaction terms designed to enhance the likelihood that the proposed transaction would be consummated after it was announced. Dr. Park reviewed the term sheet with Mr. Watkins and emphasized the importance of transaction certainty due to what Maxtor viewed as substantial risks for Maxtor as an ongoing company if a proposed business combination were announced but not consummated.

On October 5, 2005, certain senior members of Maxtor and Seagate management met with representatives of DLA Piper and Wilson Sonsini to discuss Maxtor s draft term sheet. On October 8, 2005, Dr. Park met with Mr. Watkins to continue these discussions. On the same date, Mr. Williams met with Mr. Pope to discuss Seagate s position regarding Maxtor s term sheet.

On October 10, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by Mr. Williams and representatives of DLA Piper and Citigroup. During the meeting, Dr. Park reviewed with the board the discussions that had taken place since the previous board meeting, including the discussions concerning Seagate s revised term sheet relating to deal consummation. DLA Piper reviewed issues raised by Seagate s comments on the term sheet, and possible responses which would provide mitigation of the risk of a transaction not being consummated. Mr. Williams reviewed with the board the possible impact of the announcement of a strategic business transaction on Maxtor s business, the possible impact of a failure to close a transaction after announcement and the prospects of recovery in such event, reviewing various scenarios and the impact on Maxtor s prospects. The board discussed with DLA Piper and Citigroup various strategic alternatives available to Maxtor. The board reviewed with Citigroup other possible acquirors, including strategic buyers and financial buyers. The board discussed the relative likely interest and potential risks of non-consummation of an acquisition with these respective potential acquirors, and the significant risks to the company of engaging in discussions with one or more other potential acquirors, in terms of distraction of management from the execution on Maxtor s stand-alone plan, and possible adverse impact from premature announcement of such discussions. After reviewing the potential partners and financial buyers, the board concluded that other than Seagate only one possible acquiror, another industry participant, was potentially able and willing to pursue and consummate a transaction with value at least equivalent to the Maxtor business plan in the near term. The board concluded that given prior discussions with the component supplier with whom Maxtor had previous discussions, and who had subsequently terminated discussions with Maxtor in 2004 after it had determined that Maxtor would not be a good strategic fit, that such supplier would not be interested in a transaction at a value at least equivalent to the value offered by Maxtor s business plan and that any such combination with the component supplier would in addition involve very significant risks to deal consummation and potential harm to the discussions with Seagate or to Maxtor s business if any discussions with the component supplier were commenced and prematurely disclosed. The board also took into account the ongoing negotiations with the supplier regarding its component supply arrangement with Maxtor, and the board believed that any inquiry regarding a strategic combination with that party at the time would compromise the success of the pending negotiations. Based upon these considerations, the board concluded that no contact with that supplier was warranted. The board discussed the relative contributions of Maxtor to a business combination with Seagate and the other identified industry

participant. The board recognized that the risks relating to deal consummation were somewhat lower with the other identified industry participant, but recognized that this participant s motivation for a transaction with Maxtor in the near term was significantly lower than the current interest shown by Seagate. The board concluded that Citigroup should initiate contact with the other identified industry participant after the board had additional information as to the terms relating to deal consummation proposed to Seagate. The board directed management to continue to execute on the current business plan. The board requested counsel to prepare a proposed response to the Seagate position on terms enhancing certainty of deal consummation.

On October 14, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by Mr. Williams and representatives of DLA Piper and Citigroup. During the meeting, Dr. Park reviewed with the board the results of a two day operational review and the status of Maxtor operations and upcoming product releases as well as Maxtor s relationships with its OEM customers and suppliers. DLA Piper reviewed the proposed response to Seagate on the term sheet relating to deal consummation. The board authorized management and DLA Piper and Citigroup to provide the proposed response and to continue to negotiate with Seagate to obtain the best deal certainty terms possible, subject to board review and approval, and authorized Citigroup to initiate contact with the other identified industry participant to determine its interest in a possible strategic business combination. The board requested management s presentation on an updated long range operating plan for the November 11 meeting. Subsequently, Citigroup initiated contact with the other industry participant.

On October 15, 2005, Dr. Park met with Mr. Watkins and delivered a revised term sheet responding to Seagate s proposal and outlining the key deal certainty terms required by Maxtor.

On October 25, 2005, William L. Hudson, Seagate s Executive Vice President General Counsel and Secretary, communicated to Mr. Williams Seagate s positions on various terms.

On October 26, 2005, Seagate s board of directors convened its annual strategic planning meeting, which was attended by members of the company s senior management and a representative of Wilson Sonsini. During this meeting, the board discussed Seagate s strategic plans for the upcoming year and further considered the proposed business combination with Maxtor. Wilson Sonsini outlined the major legal requirements for the proposed transaction, including required stockholder approvals and regulatory requirements, including the regulatory process and likely schedule for seeking regulatory approval for the proposed transaction.

On October 27, 2005, Seagate s board of directors held its regular quarterly meeting, during which it continued its discussion and consideration of the merits and risks of the proposed business combination with Maxtor, integration of the two companies, critical factors to the success of the combination, valuation of the transaction and potential reactions from competitors and strategic partners. Following some additional discussion of the previous day s deliberations, the board continued to discuss the strategic rationale of the merger, as well as the risks and costs in completing the transaction. Mr. Hudson and Wilson Sonsini outlined the fiduciary duties of the board and future board processes in connection with the board s consideration of the business combination and various legal and regulatory issues that would and could arise in connection with the business combination. Following these presentations, the board authorized Mr. Watkins and other members of the company s management to continue their discussions with Maxtor regarding the proposed business combination.

On October 28, 2005 Dr. Park and Mr. Williams met with Mr. Watkins, Mr. Pope and other members of senior management of Seagate, and the parties respective legal and financial advisors, to negotiate the terms and conditions of the transaction relating to certainty of consummation. During this meeting, Dr. Park and Mr. Watkins and their respective financial advisors had preliminary discussions on valuation. From October 31 through November 2, 2005, members of senior management of Seagate and Maxtor, as well as their respective legal and financial advisors, exchanged proposals and had several telephone conversations to negotiate the terms and conditions of the transaction relating to certainty of consummation.

On November 3, 2005, Mr. Williams met with Mr. Pope, together with representatives of Morgan Stanley and Citigroup, to discuss Seagate s preliminary views on valuation for the transaction. On November 4, 2005,

Table of Contents

Dr. Park called Mr. Watkins to express Dr. Park s concerns regarding the valuation discussions of the previous day.

On November 9, 2005, Mr. Watkins contacted Dr. Park to convey that he would be sending Dr. Park a revised valuation proposal for the transaction prior to Maxtor s upcoming board meeting. In response, Dr. Park indicated that Seagate s revised proposal needed to reflect improvement over the valuation views expressed during the November 3, 2005 meeting to warrant further discussions regarding a transaction.

On November 10, 2005, Mr. Watkins transmitted an electronic mail message to Dr. Park indicating his willingness to increase the exchange ratio for the transaction from that implied by earlier valuation discussions between the parties earlier in November, subject to agreement on the deal consummation terms.

On November 11, 2005, Maxtor s board of directors held a regular board meeting, which was attended by members of the company s management and representatives of DLA Piper. During the meeting, management provided updates with respect to Maxtor s business, reviewed its proposed long range operating plan for 2006-2007 and discussed key assumptions underlying the plan. The board discussed the plan with management and asked for a revised plan to be presented at the board s next regular meeting on November 30, 2005. That evening, Maxtor s board of directors continued to meet in executive session and discussed with Citigroup and DLA Piper the various strategic alternatives for Maxtor. DLA Piper advised on antitrust matters relating to the proposed transaction with Seagate and a possible transaction with another industry participant and reviewed with the board the antitrust review process.

On November 12, 2005, Maxtor s board of directors held a special board meeting, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. During the meeting, the board discussed with management their views on the various strategic alternatives available to Maxtor, including the strategic business combination with Seagate, or an acquisition or business combination with other industry participants or financial buyers, Maxtor s prospects and execution risks continuing as a stand-alone company, possible scenarios for restructuring of the company, and the risks and potential benefits of each alternative. Citigroup reviewed the status of contacts with the other identified industry participant and the status of negotiations with Seagate regarding valuation. The board discussed the Seagate proposal, including the ownership of the combined company and the premium over current trading prices, the negotiation history and the relative interest and ability to consummate a strategic business combination with Seagate and with the other industry participant. The board then discussed again with Citigroup and DLA Piper possible acquirors other than Seagate and the other identified industry participant, including both strategic and financial acquirors, and concluded, based on a review of the respective potential acquirors possible interest in a business combination and ability to consummate such a transaction, that Seagate and the other identified industry participant were the only likely acquirors who might engage in meaningful discussions in the near term for a strategic business combination or acquisition providing at least equivalent value to Maxtor s stockholders to that offered by Maxtor s current business plan. The board also noted that other potential acquirors could propose a bid after announcement of a signed transaction and that any transaction the board would approve would permit consideration of a third party proposal. Citigroup reviewed Maxtor s long range operating plan as presented compared to street forecasts and industry research, a sensitivity analysis regarding Maxtor s long range operating plan and preliminary financial analysis regarding Maxtor s stand-alone value. Citigroup reviewed the strategic rationale and preliminary financial analysis, including the various implied exchange ratios based on historical trading prices, of a combination with Seagate and alternatively a combination with the other identified industry participant. DLA Piper reviewed the status of negotiations on the terms relating to deal consummation and various outstanding issues, and proposed responses. The board authorized management and its advisors to continue discussions with Seagate and the other industry participant.

On November 12, 2005, Dr. Park called Mr. Watkins to inform him that Maxtor s board had authorized the continuation of discussions regarding a transaction, although acknowledging that progress was still required on both valuation and deal consummation terms to reach agreement. Mr. Watkins and Dr. Park agreed to hold a meeting with their respective advisors to continue discussions.

Table of Contents

On November 16, 2005, Dr. Park and Mr. Williams met with Messrs. Watkins and Pope and other members of Seagate s senior management to further discuss the exchange ratio for the transaction and terms relating to deal consummation. Representatives of DLA Piper, Wilson Sonsini, Simpson Thacher, Citigroup and Morgan Stanley also attended this meeting.

On November 21, 2005, representatives of Citigroup met with management of the other identified industry participant to discuss the potential benefits of a strategic business combination between Maxtor and the other industry participant. Management of the other industry participant expressed limited interest in such a transaction and, although there were some additional telephone conversations between Citigroup and the other participant s management team, no further meetings were held between the parties or their representatives or advisors.

On November 22, 2005, Seagate s board of directors convened a telephonic meeting, which was attended by members of the company s senior management, as well as representatives of Wilson Sonsini, Simpson Thacher, Gibson Dunn and Morgan Stanley. Mr. Watkins updated the board on recent conversations with management of Maxtor and the due diligence process. Wilson Sonsini discussed the board s fiduciary duties when considering the proposed transaction, as well as various legal and regulatory issues associated with the business combination. Wilson Sonsini, Simpson Thacher and Gibson Dunn also discussed in detail their regulatory analysis of the transaction and the anticipated process and schedule for seeking regulatory approval. Following these presentations and a discussion of alternatives to a business combination with Maxtor, the board authorized the company s management to continue their discussions with Maxtor regarding the business combination.

On the evening of November 22, 2005, Mr. Watkins called Dr. Park to confirm that while there were still outstanding issues to be resolved on the proposed terms, the Seagate board was willing to proceed with the proposed business combination and had authorized Mr. Watkins to continue discussions with Dr. Park regarding the terms of such a transaction.

On November 30, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by Mr. Williams and representatives of DLA Piper and Citigroup. During the meeting, Mr. Williams reviewed with the board a revised long range operating plan for 2006-2007, addressing the issues requested by the board on November 11, 2005. Citigroup made a presentation to the Maxtor board of directors regarding possible restructuring scenarios, reviewed the valuation impact from the hypothetical restructuring, and presented data and analyses to the board that indicated that there was no significant value created by the possible restructuring scenarios. The board discussed with Citigroup the risks of restructuring, including the distraction of management, the time required and the risks of consummation, and concluded that the restructuring alternatives did not warrant further study at the current time. Citigroup reviewed its discussions with the other identified industry participant, noting that based on their discussions with the other industry participant, the other industry participant did not view a transaction with Maxtor as a priority given its current strategic initiatives and perceived integration risks. Dr. Park reviewed the latest discussions with Seagate regarding valuation and deal consummation terms. DLA Piper reviewed the open issues relating to the terms relating to deal consummation. The Maxtor board discussed the terms and authorized the continuation of discussions with Seagate.

From December 2 through December 5, 2005, Morgan Stanley and Citigroup had numerous telephonic meetings on behalf of Seagate and Maxtor regarding potential valuation issues regarding the transaction, as well as certain terms and conditions that might affect the certainty of consummation of a potential transaction.

On December 5, 2005, Morgan Stanley and Citigroup discussed a proposed valuation for the proposed transaction, subject to agreement on terms relating to deal consummation.

On December 6, 2005, Dr. Park and Mr. Williams met with Mr. Watkins, Mr. Pope and other members of Seagate s senior management to negotiate the terms of the transaction relating to deal consummation. Also present at this meeting were representatives of DLA Piper, Wilson

Sonsini, Simpson Thacher, Morgan Stanley and Citigroup.

Table of Contents

On December 7, 2005, Maxtor s board of directors held a special telephonic board meeting to further discuss the proposed business combination, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. During the meeting, Dr. Park provided an update as to the discussions with Seagate regarding the proposed transaction since the previous board meeting. Citigroup reviewed with the board the proposed valuation for the transaction. DLA Piper reviewed the status of negotiations regarding deal consummation and other transaction terms. Citigroup reported on a recent telephone conversation with the other industry participant s chief executive officer where the chief executive officer expressed continued skepticism regarding the benefits of a business combination with Maxtor and expressed no desire to engage in further discussions regarding the matter. Mr. Williams provided an update on Maxtor s expected results for the fourth quarter. The board authorized management to continue discussions with Seagate, subject to further board review and diligence.

On December 8, 2006, DLA Piper and Wilson Sonsini further discussed the terms and conditions of the transaction relating to certainty of consummation. DLA Piper and Wilson Sonsini reached a tentative understanding on these terms and conditions and agreed to recommend the proposed terms to their respective clients. Also on that day Seagate and Maxtor entered into a joint defense agreement.

From December 9, 2005 through the execution of the merger agreement on December 20, 2005, Seagate, with the assistance of Morgan Stanley, Wilson Sonsini, Simpson Thacher and Gibson Dunn, and Maxtor, with the assistance of Citigroup and DLA Piper, conducted an extensive business, financial and legal due diligence investigation of the business and operations of the other and the proposed business combination, including potential strategic synergies of the business combination, legal structure, and implementation and regulatory issues relating to the business combination.

On December 10, 2005, Seagate delivered an initial draft of the merger agreement to Maxtor. Thereafter, the respective legal advisors of the parties negotiated the terms of the merger agreement through December 20, 2005.

On December 12, 2005, Seagate and Maxtor made a series of management presentations to each other to facilitate their ongoing due diligence efforts in connection with the proposed business combination.

On December 15, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. During the meeting, management provided an update on Maxtor s fourth quarter financial results and the long range operating plan and additional information regarding current business conditions and operations. Dr. Park reviewed the status of due diligence being conducted with respect to the proposed transaction with Seagate. DLA Piper reviewed the key terms and issues outstanding under the merger agreement and the board authorized continued negotiations. Citigroup updated the board on the business and financial due diligence review of Seagate. Dr. Park advised the board regarding a recent contact to a Maxtor executive officer from an officer in the foreign operations of the component supplier which had engaged in discussions regarding a business combination in 2004, expressing the supplier s officer s personal interest in Maxtor and the component supplier discussing a possible strategic transaction, although he had not ascertained the corporate interest of the component supplier in such a possibility. The board discussed the supplier s past negotiations and the fact that discussions were terminated in 2004 by the supplier due to lack of strategic fit, and recognized that it was unlikely that the supplier would be interested in a transaction with a value at least equivalent to that proposed by Seagate. The board also recognized the significant risks to deal consummation inherent in a transaction with the supplier, including the likely length of negotiations required for any business combination transaction, as well as the significant risks to the current proposed transaction with Seagate if there were any delay in finalizing the proposed business combination with Seagate. The board also took into account ongoing negotiations with the supplier regarding their component supply arrangement, and that any inquiry regarding a strategic combination at the time would compromise the success of the pending negotiations. The board took note of the provisions in the merger agreement permitting the board to consider third party bids representing a superior proposal and concluded, given the risks to the current transaction and the opportunity for the supplier to make a bid after announcement, that no further contact with the supplier was warranted.

39

Table of Contents

On December 16, 2005, the Strategic and Financial Transactions Committee of the Seagate board had a meeting to consider the proposed business combination with Maxtor further, and in particular, the regulatory analysis of the company and its advisors relating to the transaction. Mr. Watkins and other members of Seagate s senior management, as well as representatives of Wilson Sonsini, Simpson Thacher, Gibson Dunn and Morgan Stanley, also attended this meeting. During this meeting, Mr. Watkins updated the committee regarding the status of the discussions with Maxtor regarding the proposed transaction and reported on Seagate s due diligence review of Maxtor. Wilson Sonsini then outlined the major legal requirements for the transaction, including the required stockholder approvals and regulatory requirements of the transaction. Simpson Thacher, Wilson Sonsini and Gibson Dunn also reviewed the terms of the merger agreement. Gibson Dunn described its regulatory analysis of the transaction and the anticipated regulatory approval process for the transaction. During this meeting, the committee discussed the terms and conditions of the merger agreement relating to regulatory aspects of the transaction.

On December 17, 2005, Maxtor s board of directors held a special telephonic board meeting, which was attended by certain members of the company s senior management and representatives of DLA Piper, Citigroup and PricewaterhouseCoopers. PricewaterhouseCoopers had been engaged to provide an accounting diligence review to Maxtor regarding Seagate using limited procedures governed by consulting standards. During the meeting, management and representatives of DLA Piper, Citigroup and PricewaterhouseCoopers reviewed the results of the due diligence review of Seagate. Later that day, Messrs. Pope and Williams met to discuss the components of Maxtor s retention bonus plan. Negotiations regarding the components of this plan continued through December 20, 2005.

On December 17 and December 18, 2005, members of the management of Seagate and Maxtor and their respective financial and legal advisors convened numerous meetings to negotiate the final terms and conditions of the merger agreement. Mr. Pope also had meetings with Mr. Williams to discuss the terms of the proposed retention program being developed by Maxtor management.

On December 20, 2005, Seagate s board of directors convened a special telephonic meeting, which was attended by members of the company s senior management, as well as representatives of Wilson Sonsini, Simpson Thacher, Gibson Dunn and Morgan Stanley. Mr. Watkins updated the board on the status of negotiations with Maxtor regarding the proposed business combination. Wilson Sonsini updated the board on the status of negotiations with Maxtor with respect to the proposed merger agreement and voting agreements, and discussed the board s fiduciary duties with respect to their consideration of the business combination. Wilson Sonsini, Simpson Thacher and Gibson Dunn described their regulatory analysis of the transaction, as well as the anticipated regulatory approval process for the transaction. Counsel also described in detail the manner in which the regulatory aspects of the transaction would be reflected in the merger agreement. Morgan Stanley then presented its financial analysis of the proposed transaction, and Morgan Stanley rendered its oral opinion subsequently confirmed by delivery of its written opinion dated December 20, 2005, that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the exchange ratio provided for in the merger agreement was fair from a financial point of view to Seagate. After discussion and consideration of the foregoing, the board unanimously determined that the merger on the terms discussed at the meeting was fair to, and in the best interests of, Seagate and its shareholders and declared the merger to be advisable, approved the merger agreement, resolved to recommend that the shareholders of Seagate approve the issuance of Seagate shares in connection with the transaction and directed that the proposal for the issuance of shares be submitted to Seagate s shareholders at a meeting of Seagate shareholders.

On December 20, 2005, Maxtor s compensation committee held a meeting and reviewed management s proposed retention strategy program. Members of management made presentations and representatives of DLA Piper and Hewitt Associates, the committee s executive compensation advisor, provided advice regarding the proposed program. The program included a $100 million retention bonus program for key employees, acceleration of vesting of stock options, restricted stock awards and restricted stock unit awards held by employees who were not participants in Maxtor s Executive Retention and Severance Program upon certain

Table of Contents

terminations of employment following a change of control, the issuance of restricted stock and restricted stock units to key employees and continuation of severance plans for employees. The committee discussed the need for strong retention benefits to assist Maxtor in continuing its business between announcement and closing, particularly in light of the risk that the transaction might not be consummated. The committee approved the retention strategy program. The committee recognized that upon a change of control, vesting of options, restricted stock and restricted stock units held by participants in the Executive Retention and Severance Program would be governed by the terms of that plan. The committee also recognized that vesting of non-employee directors options granted previously under the 1996 Stock Option Plan would not be accelerated in the merger without further action by the committee. The committee concluded that providing for the acceleration of vesting of director options on the same terms as the acceleration of vesting of options for employees generally would be consistent with the treatment of non-employee director options under the 2005 Performance Incentive Plan approved by stockholders in May 2005, and also consistent with the treatment of all other outstanding options. The compensation committee also approved the acceleration of vesting of director stock options.

Also on December 20, 2005, Maxtor s board of directors also held a special board meeting to consider the proposed merger with Seagate, which was attended by certain members of the company s senior management and representatives of DLA Piper and Citigroup. At this meeting, DLA Piper reviewed the final terms of the merger agreement and voting agreements to be executed by certain Seagate shareholders and advised the board regarding antitrust matters. Members of management reviewed with the board the various operating covenants, and the impact of announcement of the transaction on Maxtor s relationships with employees, suppliers and customers, as well as continuing operations. DLA Piper, Citigroup and management summarized the remaining legal, business and financial due diligence that had been conducted on Seagate. Dr. Park reviewed the terms of a retention strategy program approved by Maxtor s compensation committee, including the acceleration of vesting of options. The board was also advised that vesting of director options would be accelerated. Citigroup reviewed the financial terms of the proposed merger, summarized a financial presentation regarding the merger consideration, and delivered its oral opinion, confirmed in writing, to Maxtor s board of directors that, as of December 20, 2005, based upon and subject to the factors and assumptions set forth in its opinion, the merger consideration as set forth in the merger agreement was fair, from a financial point of view, to the holders of Maxtor common stock. The board discussed the strategic and business considerations relating to the proposed merger, the risks and benefits of the transaction compared to other alternatives available to Maxtor and the terms of the merger agreement. Following the presentations and discussion, Maxtor s board of directors voted unanimously to approve the merger agreement and resolved to recommend that Maxtor stockholders vote to approve the terms of the merger and adopt the merger agreement.

Following the meetings of the board of directors of each of Seagate and Maxtor, Seagate and Maxtor executed the merger agreement as of December 20, 2005. Also on December 20, 2005 all of the directors of Seagate as well as entities affiliated with those directors entered into voting agreements with Maxtor. During the early morning of December 21, 2005, Seagate and Maxtor issued a joint press release announcing the execution of the merger agreement and the merger.

Reasons for the Merger and Board Recommendation

The boards of directors and management teams of both Seagate and Maxtor believe that the proposed merger represents the best strategic opportunity for delivering increased value to their respective shareholders given the ongoing changes in the disc drive industry. The board of directors of Seagate and Maxtor approved the merger agreement and determined that the merger agreement and the merger are fair to and in the best interests of each of the companies and their respective shareholders and that the merger is advisable. In reaching their decision, the board of directors of Seagate and Maxtor identified several reasons for, and potential benefits to their stockholders of, the merger creating the combined company. Seagate and Maxtor believe these potential benefits include the following:

- by enhancing scale, financial strength and capacity, the combined company will be better able to compete in the dynamic, rapidly evolving storage market;

Table of Contents

the combined company will be able to leverage the companies extensive research and development platforms and other technological resources in order to provide customers more innovative, diverse and compelling storage products and to get them to market more quickly and at more competitive prices;

the combined company will have expanded capacity to better meet growing demand for higher capacity storage products and storage products for new applications;

the enhanced scale of the combined company will result in significant production efficiencies and reduced product costs; and

the combined company is expected to generate significant cost synergies in the form of approximately $300 million in annual operating expense savings after the first full year of integration, including from combined research and development and sales and marketing efforts, as well as reduced supply chain costs.

Maxtor s Additional Reasons for the Merger and Board Recommendation

In reaching its decision to approve the terms and conditions of the merger and recommend that the holders of shares of Maxtor common stock vote for the approval of the adoption of the merger agreement, Maxtor s board of directors considered a number of additional factors, including, but not limited to:

the premium represented by the merger consideration to the range of recent trading prices of Maxtor common stock;

the percentage ownership in the combined company represented by the merger consideration, which the Maxtor board believed was consistent with Maxtor s contributions to the combined entity;

the opportunity for Maxtor stockholders to participate in the potential growth and prosperity of a combined company as compared to the alternatives of Maxtor continuing as an independent company under its current turnaround plan, restructuring or engaging in another business combination;

the projected long term stockholder value represented by the combined company, including synergies, which exceeded the projected stockholder value based on Maxtor s long range operating plan;

the assessment by Maxtor s board of directors and Maxtor s management that the merger and Seagate s operating strategy are consistent with Maxtor s long-term strategic goals to seek to increase return on investment, improve time to market, broaden its product offerings, and reduce dependence on third party suppliers;

Maxtor s business, financial performance and condition, operations, management, competitive position and prospects, including:

- its historical, recent and projected financial results;
- the state of the hard disc drive industry, the competitive landscape and the business, financial and execution risks with remaining independent;

- its relationships with customers and suppliers;
- increasing competition;
- continuing adverse impact to gross margin from the cost of heads and other key components;
- execution difficulties in product development and production adversely affecting quality and time to market for new products;
- difficulties in achieving a reasonable return on investment in research and development;
- engineering resource constraints;
- the lack of a 1 product, a 2.5 product and a fibre channel product;
- the need for improved processes to manage an increasingly complex business model; and
- the additional capital required for Maxtor to remain competitive;

Table of Contents

Seagate s business, financial performance and condition, operations, management, competitive position and prospects, before and after giving effect to the merger;

the terms and conditions of the merger agreement, including:

- the limited ability of Seagate to terminate the merger agreement and fees payable by Seagate with respect to certain events of termination; including the payment of a $300 million termination fee to Maxtor in certain circumstances where the merger agreement is terminated;
- the limited number and nature of the conditions to Seagate s obligation to close the merger;
- the limited restrictions imposed on the conduct of the business of Maxtor in the period prior to closing; and
- the fact that the merger agreement includes provisions permitting Maxtor to respond in certain circumstances to proposals for an acquisition of Maxtor, subject to compliance with the terms of the merger agreement, including the payment of a termination fee;

the results of the due diligence review of Seagate s business, finances and operations;

the design and implementation of a retention strategy program to retain employees whose dedication would be necessary to continue successful operation of Maxtor prior to the closing of the merger and thereafter;

the determination that an exchange ratio that is fixed and not subject to adjustment to reflect the strategic purpose of the merger and consistent with market practice for a merger of this type, and that the fixed exchange ratio fairly captures the respective ownership interests of the Maxtor stockholders and Seagate shareholders in the combined company based on valuations of Maxtor and Seagate at the time of the approval by Maxtor s board of directors of the merger agreement;

the expectation that the merger would be tax-free for U.S. federal income tax purposes for Maxtor s stockholders;

the fact that the Seagate common shares issued to Maxtor stockholders will be registered on Form S-4 and will be freely tradable for Maxtor stockholders who are not affiliates of Maxtor or Seagate;

the view that no other strategic transactions would likely be on terms as favorable to Maxtor s stockholders as those contained in the merger agreement, and that the most likely other strategic partner had expressed a lack of interest in engaging in a business combination with Maxtor at this time;

the opinion of Maxtor s financial advisor that, as of December 20, 2005, and based on and subject to the factors, assumptions, qualifications and limitations set forth in its written opinion as described below, the merger consideration was fair, from a financial point of view, to holders of Maxtor common stock and the related financial analyses; and

the fact that the merger is subject to the adoption of the merger agreement by Maxtor s stockholders.

Maxtor s board of directors also considered the potential risks of the merger, including the following:

- the possibility that the merger might not be completed as a result of the failure to obtain stockholder approvals or failure to satisfy other closing conditions;

- the required regulatory approvals for the merger, the prospects and anticipated timing of obtaining such approvals and the amount of regulatory risk relating to the merger that Seagate has agreed to assume;

- the risk that the government agencies from which Maxtor and Seagate will seek approval might seek to impose conditions on or enjoin or otherwise prevent or delay the merger, including requiring Maxtor or Seagate to divest assets as a condition to obtaining the approval, and the risk that the Merger might not be consummated if Seagate or Maxtor did not elect to make such divestitures;

- the risk of deterioration of Maxtor s business in the interim period, whether or not the merger closes, and the possibility that Maxtor would find it difficult to continue as a stand-alone entity if the merger did not close;

Table of Contents

the risk of a decrease in the trading price of Seagate common shares between signing and closing that would reduce the aggregate value of the merger consideration Maxtor stockholders would receive upon the closing of the merger;

the challenges and costs of combining the two businesses and the substantial expenses to be incurred in connection with the merger, including the risks that delays or difficulties in completing the integration, which could adversely affect the combined company s operating results and preclude the realization of anticipated product synergies, cost savings or other benefits from the merger;

the risk of diverting management s attention from other strategic priorities to implement merger integration efforts and the fact that Maxtor management and employees will expend extensive efforts attempting to complete the merger and will experience significant distractions from their work during the pendency of the merger;

the possibility that the reactions of existing and potential customers to the combination of the two businesses could adversely impact the competitive environment in which the companies operate, including the potential loss of customers of either company as a result of any such customers unwillingness to do business with the combined company, market confusion or response to potential service disruptions as a result of the integration process;

the risks to Maxtor from the announcement of the transaction on its employee relationships, and the mitigation of that risk afforded by the retention strategy program;

the possible loss of key management, technical or other personnel of either Seagate or Maxtor as a result of the management and other changes that will be implemented in integrating the businesses;

the fact that the merger agreement prohibits Maxtor from taking a number of actions relating to the conduct of its business prior to the closing without the prior consent of Seagate;

the risk that Maxtor had not contacted all possible bidders due to the potential significant harm to Maxtor s business from premature disclosure of a possible transaction involving Maxtor, although Maxtor s board of directors believed this risk was mitigated by (i) the terms of the merger agreement, which permitted Maxtor to terminate the merger agreement in favor of a superior proposal, (ii) the fact that there was no indication of current interest from the other industry competitor most likely in the view of Maxtor s board to consummate a transaction, (iii) the fact that Maxtor previously had unsuccessful negotiations in 2004 with a component supplier, the other acquiror most likely in the view of Maxtor s board to be able to consummate a transaction at an equivalent or greater value to the current proposal, and there did not appear to be any likely business combination transaction in 2005 or 2006 with such component supplier and (iv) Citigroup s review of other potential bidders for Maxtor and the Maxtor board s conclusion that there was no other party likely to have the ability and interest in consummating a transaction at the current time;

the $53 million termination fee payable to Seagate upon the occurrence of certain events, and the potential effect of such termination fee in deterring other potential acquirors from proposing an alternative transaction that may be more advantageous to Maxtor stockholders;

the interests of certain Maxtor executive officers and directors as described in the section entitled The Merger Interests of Maxtor s Directors and Executive Officers in the Merger, which begins on page 62; and

other risks as described above under Risk Factors.

The foregoing discussion of the factors and risks considered by Maxtor s board of directors is not intended to be exhaustive but summarizes the material factors and risks considered by Maxtor s board of directors in making its recommendation. In view of the wide variety of factors and

risks considered in connection with its evaluation of the merger and the complexity of these matters, Maxtor s board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors and risks. In

Table of Contents

considering the factors and risks described above, individual members of Maxtor s board of directors may have given different weight to different factors and risks.

Maxtor s board of directors conducted an overall analysis of the factors and risks described above, including thorough discussions with, and questioning of, Maxtor s management and Maxtor s legal and financial advisors. Maxtor s board of directors concluded that certain of the risks could be managed or mitigated and that, on balance, the potential benefits of the merger outweighed the risks of the merger. Based on the totality of the information presented, Maxtor s board of directors determined that Maxtor should proceed with the merger agreement and the merger and determined that the merger and the transactions contemplated thereby are advisable, fair to, and in the best interests of Maxtor and its stockholders, and recommends that holders of Maxtor common stock approve the adoption of the merger agreement.

Opinion of Seagate s Financial Advisor

Seagate retained Morgan Stanley to provide it with financial advisory services and a fairness opinion in connection with the merger. The Seagate board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation and its knowledge of the business and affairs of Seagate. At the meeting of the Seagate board of directors on December 20, 2005, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of December 20, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Seagate.

The full text of the written opinion of Morgan Stanley, dated as of December 20, 2005, is attached to this joint proxy statement/prospectus as Annex C. The opinion sets forth, among other things, the assumptions made, procedures followed and matters considered in and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully. Morgan Stanley s opinion is directed to the Seagate board of directors and addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to Seagate as of the date of the opinion. It does not address any other aspects of the merger and does not constitute a recommendation to any holder of Seagate common shares as to how to vote at the Seagate special meeting. The summary of the opinion of Morgan Stanley set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. The Morgan Stanley opinion also does not address the prices at which Seagate common shares will trade following consummation of the merger or at any other time.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Seagate and Maxtor, respectively;
- reviewed certain internal financial statements and projections and other financial and operating data concerning Seagate and Maxtor, prepared by the managements of Seagate and Maxtor, respectively;
- discussed the past and current operations and financial condition and the prospects of Seagate and Maxtor with the managements of Seagate and Maxtor, respectively;

discussed certain strategic, financial and operational benefits anticipated from the merger with the managements of Seagate and Maxtor;

reviewed the pro forma financial impact of the merger on the combined company s earnings per share and other metrics;

reviewed the reported prices and trading activity for Seagate common shares and Maxtor common stock;

compared the financial performance of Seagate and Maxtor and the prices and trading activity of Seagate common shares and Maxtor common stock with that of certain other publicly-traded companies comparable with Seagate and Maxtor, respectively, and their securities;

Table of Contents

discussed the strategic rationale for the merger with the management of Seagate and Maxtor;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in discussions and negotiations among representatives of Seagate and Maxtor and their financial and legal advisors;

reviewed the merger agreement and certain related documents; and

performed such other analyses and considered other such factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information supplied or otherwise made available to it by Seagate and Maxtor for the purposes of its opinion. With respect to the internal financial statements and projections, including information relating to the strategic, financial and operational benefits anticipated from the merger and assessments regarding the prospects of Seagate and Maxtor, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Seagate and Maxtor, respectively. In addition, Morgan Stanley assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement without material modification, waiver or delay, including, among other things, the merger will be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended. Morgan Stanley also assumed that in connection with the receipt of all the necessary regulatory approvals for the proposed merger, no restrictions would be imposed or delays would result that would have a material adverse affect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley is not a legal or regulatory advisor and relied upon without independent verification, the assessment by Seagate of the advice received from its legal and regulatory advisors with respect to such matters.

Morgan Stanley relied upon, without independent verification, the assessment by the managements of Seagate and Maxtor of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the timing and risks associated with the integration of Seagate and Maxtor; (iii) their ability to retain key employees of Seagate and Maxtor, respectively and (iv) the validity of, and risks associated with, Seagate s and Maxtor s existing and future intellectual property, products, services and business models. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Seagate and Maxtor, nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of December 20, 2005. Events occurring after the date thereof may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley does not assume any obligation to update, revise or reaffirm this opinion.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated December 20, 2005. The various analyses summarized below were based on closing prices for the common stock of Seagate and Maxtor as of December 19, 2005, the last full trading day preceding the day of the meeting of the Seagate board of directors to consider and approve the merger with Maxtor. Although each analysis was provided to the Seagate board of directors, in connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

On December 20, 2005, Seagate and Maxtor entered into a merger agreement whereby each share of Maxtor common stock would be converted into the right to receive 0.37 Seagate common shares. Based on the closing prices of Seagate common shares as of December 19, 2005, the exchange ratio represented an implied price of

46

Table of Contents

$7.24 per share of Maxtor common stock (the Implied Price per Share). Based on the exchange ratio, Morgan Stanley calculated that as a result of the merger, Seagate s stockholders would own approximately 84% of the combined company on a fully diluted basis using the treasury stock method and Maxtor s shareholders would own approximately 16%.

Maxtor

Trading Range Analysis. Morgan Stanley performed a trading range analysis to provide background and perspective with respect to the historical share prices of Maxtor common stock. Morgan Stanley reviewed the range of closing prices of Maxtor common stock for various periods ended on December 19, 2005. Morgan Stanley observed the following:

Period Ended December 19, 2005	Range of Closing Prices	
Last 30 Trading Days	$3.44	$4.71
Last 60 Trading Days	$3.28	$4.71
Last 90 Trading Days	$3.28	$5.23
Last 12 Months	$3.28	$6.43

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24.

Historical Exchange Ratio Range Analysis. Morgan Stanley reviewed the ratios of the range of closing prices of Maxtor common stock divided by the corresponding closing prices of Seagate common shares over various periods ended on December 19, 2005. For each of the periods reviewed, Morgan Stanley observed the relevant range of low and high exchange ratios.

Morgan Stanley calculated a range of implied values per share of Maxtor. The following table summarized Morgan Stanley s analysis:

Period Ended December 19, 2005	Range of Exchange Ratios		Implied Value Per Share of Maxtor	
Last 30 Trading Days	0.214x	0.245x	$4.19	$4.78
Last 60 Trading Days	0.213x	0.286x	$4.16	$5.59
Last 90 Trading Days	0.213x	0.308x	$4.16	$6.02
Last 12 Months	0.213x	0.334x	$4.16	$6.54

Morgan Stanley noted that the exchange ratio was 0.37.

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which attempts to provide an implied value of a company by comparing it to similar companies. Morgan Stanley compared certain financial information of Maxtor with publicly available consensus estimates for other companies that shared similar business characteristics of Maxtor. The companies used in this comparison included the following hard disc drive and hard disc drive component companies:

Hoya Corporation

Hutchinson Technology, Inc.

Komag, Inc.

TDK Corporation

Western Digital Corporation

For purposes of this analysis, Morgan Stanley analyzed the ratios of aggregate value to estimated sales for calendar year 2005 and 2006 of each of these companies for comparison purposes. Based on the analysis of the

Table of Contents

relevant metrics for each of the comparable companies, Morgan Stanley selected representative ranges of financial multiples of the comparable companies and applied these ranges of multiples to the relevant Maxtor financial statistic. For purposes of estimated calendar year 2005 and 2006 sales Morgan Stanley utilized publicly available consensus equity research estimates as of December 19, 2005. Based on Maxtor s outstanding shares and options as of December 19, 2005, Morgan Stanley estimated the implied value per Maxtor share as of December 19, 2005 as follows:

Calendar Year Financial Statistic	Comparable Company Representative Multiple Range		Implied Value Per Share of Maxtor	
Aggregate Value to Estimated 2005 Revenue	0.3x	0.8x	$4.45	$10.80
Aggregate Value to Estimated 2006 Revenue	0.3x	0.7x	$4.49	$9.68

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24.

No company utilized in the comparable company analysis is identical to Maxtor. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Maxtor, such as the impact of competition on the businesses of Maxtor and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Maxtor or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Discounted Cash Flow Analysis. Morgan Stanley calculated a range of equity values per share for Maxtor based on a discounted cash flow analysis utilizing two cases that valued Maxtor as a standalone company and two cases that valued Maxtor inclusive of the synergy assumptions provided by Seagate management. Morgan Stanley utilized the Street Case and Standalone Upside Case forecasts to value Maxtor as a standalone company. For the Street Case, Morgan Stanley used financial projections provided by publicly available equity research estimates for calendar year 2006 and made extrapolations from those projections for calendar years 2007 through 2011. For the Standalone Upside Case, Morgan Stanley applied a higher operating margin to Street Case forecasts. Morgan Stanley utilized the Pro Forma Base Case and Pro Forma Upside Case forecasts to value Maxtor inclusive of the synergy assumptions provided by Seagate management. The Pro Forma Base Case applied to the Street Case assumed levels of revenue attrition, cost of goods sold reduction and operating expense reduction associated with Maxtor s merger with Seagate. The Pro Forma Upside Case assumed a lower level of revenue attrition than the attrition assumed in the Pro Forma Base Case. In arriving at the estimated equity values per share of Maxtor common stock, Morgan Stanley calculated a terminal value as of July 1, 2011 by applying a range of perpetual growth rates ranging from 3% to 5% and a range of discount rates of 11% to 15%. The unlevered free cash flows from calendar year 2006 through 2011 and the terminal value were then discounted to present values using a range of discount rates of 11% to 15%.

The following table summarizes Morgan Stanley s analysis:

Calendar Year Financial Statistic	Implied Value Per Share of Maxtor	
Street Case	$3.09	$6.40
Standalone Upside Case	$7.25	$13.63
Pro Forma Base Case	$12.98	$26.30
Pro Forma Upside Case	$17.13	$34.03

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24.

Table of Contents

Securities Research Analysts Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for Maxtor common stock prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of Maxtor common stock. The range of undiscounted 12-month analyst price targets for Maxtor was $3.00 to $6.00.

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24.

The public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Maxtor common stock and these estimates are subject to uncertainties, including the future financial performance of Maxtor and future financial market conditions.

Analysis of Precedent Transactions. Morgan Stanley also performed a precedent transaction analysis, which is designed to imply a value of a company based on publicly available financial terms and premiums of selected transactions that share some characteristics with the merger. In connection with its analysis, Morgan Stanley compared publicly available statistics for 23 selected transactions in the technology sector between January 1, 2003 and December 19, 2005 in which the target company was publicly traded and transaction values were greater than $1 billion. The following is a list of these transactions:

Selected Transactions (Target/Acquiror)

Peoplesoft, Inc./Oracle Corporation

Concord EFS, Inc./First Data Corporation

NetScreen Technologies, Inc./Juniper Networks, Inc.

ChipPAC, Inc./ST Assembly Test Services Ltd.

VERITAS Software Corporation/Symantec Corporation

SunGard Data Systems, Inc./Silver Lake Partners

Documentum, Inc./EMC Corporation

Advanced Fibre Communications, Inc./Tellabs, Inc.

Macromedia, Inc./Adobe Systems, Inc.

J.D. Edwards & Co./Peoplesoft, Inc.

SERENA Software, Inc./Silver Lake Partners

Siliconix, Inc./Vishay Intertechnology Inc.

Integrated Circuit Systems, Inc./Integrated Device Technology, Inc.

Storage Technology Corporation/Sun Microsystems, Inc.

Ascential Software Corporation/International Business Machines Corporation

Siebel Systems, Inc./Oracle Corporation

Aspect Communications Corporation/Concerto Software, Inc.

Ask Jeeves, Inc./IAC/InterActiveCorp

Legato Systems, Inc./EMC Corporation

DoubleClick, Inc./Hellman & Friedman

GlopespanVirata, Inc./Conexant Systems, Inc.

Overture Services, Inc./Yahoo!, Inc.

Scientific Atlanta, Inc./Cisco Systems, Inc.

Table of Contents

For each transaction noted above Morgan Stanley noted the following financial statistics where available: (1) implied premium to stock price one trading day prior to announcement; and (2) implied exchange ratio premium to 30 trading day average exchange ratio. Based on the analysis of the relevant metrics for each of the precedent transactions, Morgan Stanley selected representative ranges of financial metrics of the precedent transactions and applied the representative range of 1-day premiums to Maxtor s closing common stock price as of December 19, 2005 and the representative range of premiums to the 30-day average exchange ratio to the average exchange ratio of Maxtor and Seagate common shares over the 30 trading day period ended December 19, 2005. The following tables summarize Morgan Stanley s analysis:

Precedent Transaction Financial Statistic	Reference Range		Implied Value Per Share		Maxtor/Seagate Financial Statistic
Premium to 1-day prior price	4%	75%	$4.71	$7.93	60%
Premium to 30-day average exchange ratio	0%	53%	$4.44	$6.79	63%

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24.

No company or transaction utilized in the precedent transaction analysis of stock price premiums paid is identical to Seagate or Maxtor or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of Seagate and Maxtor, such as the impact of competition on the business of Seagate, Maxtor or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Seagate, Maxtor or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.

Relative Contribution Analysis. Morgan Stanley compared Maxtor and Seagate stockholders respective percentage ownership of the combined company to Maxtor s and Seagate s respective percentage contribution (and the implied ownership and value per Maxtor share based on such contribution) to the combined company using estimated calendar year 2005 and 2006 revenue, gross profit and operating income based on publicly available equity research estimates. Morgan Stanley compared the revenue, gross profit and operating income of Maxtor and Seagate (i) excluding the impact of any expected synergies resulting from their merger and (ii) allocating a range of 0 100% of the expected Pro Forma Base Case synergies to Maxtor s revenue, gross profit and operating income contribution. Based on Seagate s common stock price per share of $19.56 and Maxtor s common stock price per share of $4.53 as of December 19, 2005, Morgan Stanley calculated an implied pro forma ownership for Maxtor s shareholders and an implied value per share of Maxtor.

The following table summarizes Morgan Stanley s analysis:

	Implied % Pro Forma Ownership				Implied Value	
	Maxtor		Seagate		Per Maxtor Share	
Revenue						
Calendar Year 2005-2006 (Without Synergies)	27.8%	28.4%	71.6%	72.2%	$12.14	$12.22
Calendar Year 2005-2006 (With Synergies)	18.9%	19.2%	80.8%	81.1%	$7.52	$7.69
Gross Profit						
Calendar Year 2005-2006 (Without Synergies)	15.3%	16.1%	83.9%	84.7%	$5.91	$6.23
Calendar Year 2005-2006 (With Synergies)	20.0%	20.6%	79.4%	80.0%	$8.05	$8.33
Operating Income						

Calendar Year 2005-2006 (Without Synergies)	0.2%	1.8%	98.2%	99.8%	$0.09	$0.73
Calendar Year 2005-2006 (With Synergies)	28.8%	30.7%	69.3%	71.2%	$12.40	$13.49

Morgan Stanley noted that as of December 19, 2005 the Implied Price per Share of Maxtor common stock was $7.24 and as a result of the merger, Maxtor stockholders would own approximately 16% of the combined company.

Table of Contents

Seagate

Trading Range Analysis. Morgan Stanley reviewed the range of closing prices of Seagate common shares for various periods ended on December 19, 2005. Morgan Stanley observed the following:

Period Ended December 19, 2005	Range of Closing Prices	
Last 30 Trading Days	$15.44	$19.59
Last 60 Trading Days	$13.96	$19.59
Last 90 Trading Days	$13.96	$19.59
Last 12 Months	$13.96	$21.30

Morgan Stanley noted that as of December 19, 2005, the closing price of Seagate common shares was $19.56 per share.

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which attempts to provide an implied value of a company by comparing it to similar companies. Morgan Stanley compared certain financial information of Seagate with publicly available consensus estimates for other companies that shared similar business characteristics of Seagate. The companies used in this comparison included the following hard disc drive and hard disc drive component companies:

Hoya Corporation

Hutchinson Technology, Inc.

Komag, Inc.

TDK Corporation

Western Digital Corporation

For purposes of this analysis, Morgan Stanley analyzed the ratios of aggregate value to estimated sales for calendar year 2005 and 2006 and price to estimated earnings per share for calendar year 2006 (in all cases, based on publicly available consensus equity research estimates) of each of these companies for comparison purposes.

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected representative ranges of financial multiples of the comparable companies and applied these ranges of multiples to the relevant Seagate financial statistic. For purposes of estimated calendar year 2005 and 2006 revenues and earnings per share Morgan Stanley utilized publicly available consensus equity research estimates as of December 19, 2005. Based on Seagate s outstanding shares and options as of December 19, 2005, Morgan Stanley estimated the implied value per Seagate share as of December 19, 2005 as follows:

Calendar Year Financial Statistic	Comparable Company Representative Multiple Range		Implied Value Per Share of Seagate	
Aggregate Value to Estimated 2005 Revenue	0.8x	1.2x	$15.31	$21.53
Aggregate Value to Estimated 2006 Revenue	0.7x	1.1x	$14.14	$20.62
Price to Estimated 2006 Earnings Per Share	8.0x	15.0x	$15.65	$29.34

No company utilized in the comparable company analysis is identical to Seagate. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Seagate, such as the impact of competition on the businesses of Seagate and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Seagate or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Table of Contents

Securities Research Analysts Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for Seagate common shares prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of Seagate common shares. The range of undiscounted 12-month analyst price targets for Seagate was $16.50 to $25.00.

Morgan Stanley noted that the public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Seagate common shares and these estimates are subject to uncertainties, including the future financial performance of Seagate and future financial market conditions.

Discounted Equity Value Analysis. Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the future value of a company s common equity as a function of the company s future earnings and its current forward price to earnings. The resulting value is subsequently discounted to arrive at a present value for such company s stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share of Seagate s common stock on a standalone basis. To calculate the discounted equity value, Morgan Stanley utilized calendar year 2007 forecasts that were extrapolated from equity research using a range of revenue growth assumptions from 2.5% 7.5% and operating margin assumptions of 11.0% 13.0%. Morgan Stanley applied a range of price to earnings multiples to these estimates and applied a discount rate of 13%.

The following table summarizes Morgan Stanley s analysis:

Calendar Year 2007 Assumed Revenue Growth/Operating Margin	Implied Value Per Seagate Share	
2.5% Revenue Growth / 11% Operating Margin	$13.04	$24.45
5.0% Revenue Growth / 12% Operating Margin	$14.57	$27.32
7.5% Revenue Growth / 13% Operating Margin	$16.01	$30.01

Pro Forma Merger Analysis. Morgan Stanley analyzed the potential pro forma impact of the transaction on Seagate s cash earnings per share, which is defined as GAAP earnings per share adjusted for purchase accounting adjustments, including intangibles as well as other one-time items. Based on the exchange ratio, publicly available equity research estimates of earnings per share for Seagate as of December 19, 2005, the Pro Forma Base Case and Pro Forma Upside Case forecasts for Maxtor inclusive of the synergy assumptions provided by Seagate management, and closing prices per share of Seagate as of December 19, 2005, Morgan Stanley calculated pro forma cash earnings per share. Morgan Stanley noted the transaction would be accretive to Seagate s cash earnings per share for both the Pro Forma Base Case and Pro Forma Upside Case forecast scenarios.

In connection with the review of the merger by the Seagate board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of Maxtor or Seagate or their respective common stock. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of Maxtor or Seagate. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

52

Table of Contents

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the exchange ratio pursuant to the merger agreement from a financial point of view to Seagate and in connection with the delivery of its opinion dated December 20, 2005 to the Seagate board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of common stock of Maxtor or Seagate might actually trade. The exchange ratio was determined by Seagate and Maxtor through arm s length negotiations between Seagate and Maxtor and was approved by the Seagate board of directors.

In addition, Morgan Stanley s opinion and its presentation to the Seagate board of directors was one of many factors taken into consideration by the Seagate board of directors in deciding to approve the merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Seagate board of directors with respect to the exchange ratio or of whether the Seagate board of directors would have been willing to agree to a different exchange ratio. The foregoing summary describes the material analyses performed by Morgan Stanley but does not purport to be a complete description of the analyses performed by Morgan Stanley.

The Seagate board of directors retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Seagate and Seagate s affiliates and received fees for such services; however, in the past two years, other than pursuant to this transaction, Morgan Stanley and its affiliates have received no compensation from Seagate and its affiliates. In the ordinary course of Morgan Stanley s trading and brokerage activities, Morgan Stanley or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or for the account of customers in the equity and other securities of Maxtor, Seagate, Seagate s affiliates or any other parties, commodities or currencies involved in the merger. In addition, Morgan Stanley, its affiliates, directors or officers, including individuals working with Seagate in connection with this transaction, have committed and may commit in the future to invest in private equity funds managed by affiliates of Seagate.

Under the terms of its engagement letter, Morgan Stanley provided Seagate financial advisory services and a financial opinion in connection with the merger. Pursuant to the terms of this engagement letter, Seagate has agreed to pay Morgan Stanley a fee of $12.0 million, of which $9.0 million is contingent upon closing of the merger. Seagate has also agreed to reimburse Morgan Stanley for its fees and expenses incurred in performing its services. In addition, Seagate has agreed to indemnify Morgan Stanley and any of its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including any liabilities under the federal securities laws relating to or arising out of its engagement and any related transactions.

Opinion of Maxtor s Financial Advisor

Citigroup was retained to act as financial advisor to Maxtor in connection with the merger. Pursuant to Citigroup s engagement letter with Maxtor, dated August 1, 2004, Citigroup rendered its oral opinion, confirmed in writing, to the Maxtor board of directors on December 20, 2005, to the effect that, as of the date of the opinion and based upon and subject to the considerations and limitations set forth in the opinion, its work described below and other factors it deemed relevant, the exchange ratio of 0.37 Seagate common shares to be received for each share of Maxtor common stock pursuant to the merger agreement was fair, from a financial point of view, to the holders of Maxtor common stock.

The full text of Citigroup s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex D to this document. The summary

53

Table of Contents

of Citigroup s opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Holders of Maxtor common stock are urged to read the Citigroup opinion carefully and in its entirety.**

Citigroup s opinion was limited solely to the fairness of the exchange ratio from a financial point of view as of the date of the opinion. Neither Citigroup s opinion nor the related analyses constituted a recommendation of the proposed merger to the Maxtor board of directors. Citigroup makes no recommendation to any stockholder regarding how such stockholder should vote with respect to the merger.

In arriving at its opinion, Citigroup reviewed a draft dated December 19, 2005 of the merger agreement and held discussions with certain senior officers, directors and other representatives and advisors of Maxtor and certain senior officers and other representatives and advisors of Seagate concerning the businesses, operations and prospects of Maxtor and Seagate. Citigroup examined certain publicly available business and financial information relating to Maxtor and Seagate as well as certain financial forecasts and other information and data relating to Maxtor and Seagate which were provided to or discussed with Citigroup by the respective managements of Maxtor and Seagate, including information relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the managements of Maxtor and Seagate to result from the merger. Citigroup reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things:

- current and historical market prices of Maxtor common stock and Seagate common shares;
- the historical and projected earnings and other operating data of Maxtor and Seagate; and
- the capitalization and financial condition of Maxtor and Seagate.

Citigroup considered, to the extent publicly available, the financial terms of certain other transactions that Citigroup considered relevant in evaluating the merger and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Maxtor and Seagate. Citigroup also evaluated certain potential pro forma financial effects of the merger on the combined company. In addition to the foregoing, Citigroup conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as it deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citigroup and upon the assurances of the managements of Maxtor and Seagate that they were not aware of any relevant information that had been omitted or that remained undisclosed to Citigroup. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with it, Citigroup was advised by the respective managements of Maxtor and Seagate that such forecasts and other information and data had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Maxtor and Seagate as to the future financial performance of Maxtor and Seagate, the potential strategic implications and operational benefits anticipated to result from the merger and the other matters covered thereby, and assumed, with the consent of the Maxtor board of directors, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the merger) reflected in such forecasts and other information and data would be realized in the amounts and at the times projected. Citigroup expressed no view with respect to such forecasts and other information and data or the assumptions on which they were based. Citigroup assumed, with the consent of the Maxtor board of directors, that the merger would be treated as a tax-free reorganization for U.S. federal income tax purposes. Citigroup did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Maxtor or Seagate nor did Citigroup make any physical inspection of the properties or assets of Maxtor or Seagate. Representatives of Maxtor advised Citigroup, and Citigroup further assumed, that the final terms of the merger agreement would not

54

Table of Contents

vary materially from those set forth in the draft reviewed by it. Citigroup further assumed, with the consent of the Maxtor board of directors, that the merger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Maxtor, Seagate or the contemplated benefits of the merger.

The opinion related to the relative values of Maxtor and Seagate, including the operational benefits anticipated by Maxtor and Seagate to result from the merger. Citigroup did not express any opinion as to what the value of the Seagate common shares actually will be when issued pursuant to the merger or the price at which the Seagate common shares will trade at any time. Citigroup was not asked to consider, and its opinion did not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Maxtor or the effect of any other transaction in which Maxtor might engage. Citigroup s opinion necessarily was based on information available to it, and financial, stock market and other conditions and circumstances existing and disclosed to Citigroup as of the date of the opinion.

In connection with rendering its opinion, Citigroup made a presentation to the Maxtor board of directors on December 20, 2005, with respect to the material analyses performed by Citigroup in evaluating the fairness of the exchange ratio. The following is a summary of that presentation. The summary includes information presented in tabular format. In order to understand fully the financial analyses used by Citigroup, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to December 19, 2005, and is not necessarily indicative of current or future market conditions.

Relative Valuation Analysis

Citigroup performed discounted cash flow analyses for Maxtor as a standalone entity and for the combined company at various assumed exchange ratios in order to compare the range of per share values for Maxtor common stock derived for Maxtor on a standalone basis with ranges of per share values derived for the combined company at various assumed exchange ratios. In the course of this analysis, Citigroup first performed a discounted cash flow analysis to derive a range for the standalone per share present value of Maxtor common stock. In deriving this range, Citigroup used forecasts prepared by the management of Maxtor as well as publicly available reports prepared by Wall Street analysts. Citigroup used a discount rate of 11.5% and terminal P/E multiples ranging from 9.0x to 11.0x. The Maxtor standalone analysis resulted in illustrative implied present values ranging from $7.57 to $8.96 per share of Maxtor common stock. Citigroup compared this range of implied present values per share of Maxtor common stock on a standalone basis with similarly derived ranges per share of Maxtor common stock for the pro forma combined company assuming certain exchange ratios for the merger.

In deriving ranges for the pro forma combined company, Citigroup assumed 10% annual attrition of the revenues of the combined company in one case and 15% annual attrition of the revenues of the combined company in another case. For the combined company, Citigroup used estimates of the standalone future financial information of Maxtor and Seagate prepared by Wall Street analysts and used estimates of combination adjustments, including assumptions regarding synergies resulting from the merger, that were prepared by the managements of Maxtor and Seagate.

Table of Contents

For the combined company analysis, Citigroup derived the following implied value ranges per share of Maxtor common stock assuming 10% revenue attrition per year:

Assumed Exchange Ratio	Implied Value per Maxtor Share	
0.250x	$5.98	$7.07
0.300x	$7.07	$8.35
0.350x	$8.13	$9.60
0.400x	$9.15	$10.81

As a result of comparing the range derived for Maxtor on a standalone basis with the ranges derived for the combined company at various assumed exchange ratios, Citigroup derived a range for the implied exchange ratio of 0.300x to 0.350x. Citigroup noted that this range was below the exchange ratio in the merger of 0.370x

For the combined company analysis, Citigroup also derived the following implied value ranges per share of Maxtor common stock assuming 15% revenue attrition per year:

Assumed Exchange Ratio	Implied Value per Maxtor Share	
0.300x	$6.36	$7.50
0.340x	$7.10	$8.37
0.380x	$7.82	$9.22
0.420x	$8.52	$10.04

As a result of comparing the range derived for Maxtor on a standalone basis with the ranges derived for the combined company at various assumed exchange ratios, Citigroup derived a range for the implied exchange ratio of 0.340x to 0.395x. Citigroup noted that the exchange ratio in the merger of 0.370x fell within this range.

Relative Contribution Analysis.

Citigroup performed analyses of the relative contribution of Maxtor to the pro forma combined company with respect to certain market and financial data, including:

- gross margin for the twelve months ended September 30, 2005 and estimated gross margin for 2005, 2006 and 2007;
- earnings before interest, tax, depreciation and amortization (or EBITDA) for the twelve months ended September 30, 2005 and estimated EBITDA for 2005, 2006 and 2007; and

net income for the twelve months ended September 30, 2005 and estimated net income for 2005, 2006 and 2007.

In performing this analysis, Citigroup adjusted its relative contribution analyses to take account of Maxtor s and Seagate s respective net cash positions and debt obligations, but did not take into account any anticipated cost savings, revenue enhancements, one time costs, revenue attrition, amortization of goodwill, or other potential effects of the merger. The purpose of this analysis was to determine the implied contributions of Maxtor to the combined entity based on historic and estimated gross margin, EBITDA and net income and to compare these implied contributions to the implied 16.1% pro forma equity ownership in the combined company resulting from the merger based on the exchange ratio of 0.370x. Citigroup performed analyses based on historical financial information and two sets of forecasted financial information for Maxtor, one based on Maxtor management estimates and the second based on estimates derived from selected publicly available Wall Street analysts reports. In each analysis, the respective historical or forecast financial information for Maxtor was compared to the standalone historical financial information of Seagate or estimated future financial information of Seagate prepared by Wall Street analysts.

Table of Contents

The following table sets forth the results of Citigroup s analyses of Maxtor s relative contribution to the combined pro forma entity:

Maxtor s Relative Contribution to Combined Pro Forma Entity

	LTM[1]	2005E	2006E	2007E
Gross Margin				
Maxtor Estimates	16.3%	15.4%	15.6%	24.3%
Estimates based on selected analysts reports	16.3%	15.4%	15.5%	16.2%
EBITDA				
Maxtor Estimates	6.4%	7.8%	8.4%	19.5%
Estimates based on selected analysts reports	6.4%	8.0%	9.5%	10.9%
Net Income				
Maxtor Estimates	NM[2]	NM	NM	20.3%
Estimates based on selected analysts reports	NM	NM	NM	4.6%

(1) Last Twelve Months
(2) Not Meaningful

Based on this analysis, Citigroup derived a range for the implied exchange ratio of 0.190x to 0.370x. Citigroup noted that the exchange ratio in the merger of 0.370x was the high end of this range.

Implied Historical Exchange Ratio Analysis

Citigroup compared the historical trading prices for Maxtor common stock and Seagate common shares during the twelve month period ended December 19, 2005. Citigroup used this information to derive an implied historical exchange ratio of the closing price per share of Maxtor common stock to the closing price per Seagate common share on December 19, 2005 and to derive average implied historical exchange ratios of the closing prices per share of Maxtor common stock to the closing prices per Seagate common share for the one-month, three-month, six-month and twelve-month periods, each ending on December 19, 2005. Citigroup derived implied historical exchange ratios by dividing the closing price per share of Maxtor common stock by the closing price per Seagate common share for each trading day in the period from December 19, 2004 through December 19, 2005. Implied historical exchange ratios provide a measure of the relative trading value of a share of Maxtor common stock to a Seagate common share during the relevant periods. The following table sets forth the results of Citigroup s analysis:

Period	Implied Historical Exchange Ratio
December 19, 2005	0.232x
One Month Average	0.227x
3 Month Average	0.247x
6 Month Average	0.271x
12 Month Average	0.279x

Citigroup noted that in each case described above, the implied historical exchange ratio derived by Citigroup was lower than the exchange ratio in the merger of 0.370x.

Selected Precedent Transaction Analysis.

Citigroup reviewed publicly available information for three completed merger or acquisition transactions involving acquirors in the disc drive industry announced since September 20, 1995 with transaction values between $1.375 billion and $2.05 billion.

Table of Contents

The selected precedent transactions considered by Citigroup were the following (in each case, the target company is listed first, followed by the acquiror):

- IBM hard disc drive operations/Hitachi Ltd.;
- Quantum hard disc drive business/Maxtor; and
- Conner Peripherals Inc./Seagate.

For each selected disc drive industry precedent transaction and for the merger, Citigroup derived and compared, among other things:

- the implied premium paid in the transaction based on the closing prices per share of common stock one day, one week and one month prior to the announcement of the transaction;
- the ratio of the firm value of the acquired company based on the consideration paid in the transaction to the revenue, earnings before interest and tax (or EBIT) and EBITDA of the acquired company, in each case, for the last twelve-month period prior to the announcement of the transaction for which financial results were available; and
- the ratio of the price per share of common stock of the acquired company, based on the transaction price, to the earnings per share (or EPS) of the acquired company.

With respect to the financial information for the companies involved in the selected precedent transactions, Citigroup relied on information available in public documents, company press releases and information published by Securities Data Corporation. Citigroup calculated firm value as the sum of: (a) all shares of common stock, assuming the exercise of all in-the-money options, warrants and convertible securities outstanding times the share price (based on the consideration paid in the transaction), minus the proceeds from any such exercise; plus (b) non-convertible indebtedness; plus (c) non-convertible preferred stock; plus (d) minority interests; plus (e) out-of-the-money convertible securities; minus (f) investments in unconsolidated affiliates and cash and cash equivalents.

The following table sets forth the results of these analyses:

	Mean	Median	Maxtor at Implied Merger Price
Premium to Market			
1 day prior to announcement	27.7%	27.7%	59.8%
1 week prior to announcement	29.2%	29.2%	57.1%
1 month prior to announcement	30.6%	30.6%	62.9%
Ratio of Firm Value to:			
Acquired company s revenue for last twelve-month period prior to announcement	0.5x	0.4x	0.5x

Acquired company s EBIT for last twelve-month period prior to announcement	30.6x	30.6x	NM
Acquired company s EBITDA for last twelve-month period prior to announcement	11.8x	11.8x	17.7x
Ratio of Price to:			
Acquired company s EPS for last twelve-month period prior to announcement	27.6x	27.6x	NM

Based on these analyses, Citigroup derived a range for the implied exchange ratio of 0.276x to 0.381x. Citigroup noted that the exchange ratio in the merger of 0.370x fell within this range.

Table of Contents

Premiums Paid Analysis

Citigroup reviewed publicly available information for 13 merger or acquisition transactions involving publicly traded targets announced since April 2003 in the technology industry with transaction values between $500 million and $16.4 billion. For each selected technology industry precedent transaction and for the merger, Citigroup derived the implied premium paid per share of common stock of the acquired company for the 30 day period prior to the announcement of the transaction.

The selected precedent technology industry transactions reviewed by Citigroup were (in each case, the target company is listed first, followed by the acquiror):

VERITAS Software Corp./Symantec Corp.

ChipPAC, Inc./ST Assembly Test Services Ltd.

Concord EFS, Inc./First Data Corp.

LendingTree, Inc./InterActiveCorp.

Allen Telecom Inc./Andrew Corporation

Documentum, Inc./EMC Corporation

Macromedia, Inc./Adobe Systems Incorporated

AskJeeves, Inc./IAC/InterActiveCorp

LEGATO Systems, Inc./EMC Corporation

Siliconix Incorporated/Vishay Intertechnology Inc.

Ambit Microsystems Corporation/Hon Hai Precision Ind. Co., Ltd.

GlobespanVirata, Inc./Conexant Systems, Inc.

Mykrolis Corporation/Entegris, Inc.

Citigroup derived a range of premiums for the selected technology industry precedent transactions of 1% to 53% and a median premium of 32%. Based on the exchange ratio in the merger of 0.370x and the closing price per Seagate common share on December 19, 2005, Citigroup noted that the implied premium in the merger was 62.9% compared to the average ratio of the closing price per share of Maxtor common stock to the closing price per Seagate common share over the 30 trading day period ended December 19, 2005. Citigroup noted that the premium derived for the merger was higher than the premium paid in all thirteen selected precedent transactions.

Accretion/Dilution Analysis

Citigroup performed an analysis of the impact of the merger on the estimated EPS of Maxtor and Seagate for 2007 assuming the merger is completed at the exchange ratio of 0.370x. Estimated financial data and projections for each of Maxtor and Seagate for 2007 were based on management estimates and selected Wall Street analysts reports. Citigroup assumed 10% annual attrition of the revenues of the combined company in one case and a 15% annual attrition of the revenues of the combined company in another case. In each analysis, Citigroup made pro forma adjustments to the estimated EPS and revenue of the combined entity assuming certain anticipated cost savings, and other similar effects of the merger.

The following table shows the accretion to the estimated EPS of Seagate and Maxtor for 2007 expected to result from the merger.

	Accretion to Maxtor	**Accretion to Seagate**
Estimated 2007 EPS (10% Revenue Attrition Model)	390%	29%
Estimated 2007 EPS (15% Revenue Attrition Model)	338%	15%

* * *

Table of Contents

Citigroup s advisory services and opinion were provided for the information of the Maxtor board of directors in its evaluation of the merger and did not constitute a recommendation of the merger to Maxtor or a recommendation to any holder of Maxtor common stock as to how that stockholder should vote on any matters relating to the merger.

The preceding discussion is a summary of the material financial analyses furnished by Citigroup to the Maxtor board of directors, but it does not purport to be a complete description of the analyses performed by Citigroup or of its presentations to the Maxtor board of directors. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citigroup made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citigroup believes that its analyses, and the summary set forth above, must be considered as a whole and that selecting portions of the analyses and of the factors considered by Citigroup, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citigroup and its opinion. With regard to the precedent transactions analyses summarized above, Citigroup selected precedent transactions on the basis of various factors, including size and similarity of the constituent companies as compared to Maxtor and Seagate; however, no transaction utilized as a comparison in these analyses is identical to the merger. As a result, these analyses are not purely mathematical, but also take into account differences in financial and operating characteristics of the subject companies and other factors that could affect the transaction to which the merger is being compared.

In its analyses, Citigroup made numerous assumptions with respect to Maxtor, Seagate, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Maxtor and Seagate. Any estimates contained in Citigroup s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Maxtor, Seagate, the Maxtor board of directors, Citigroup or any other person assumes responsibility if future results or actual values differ materially from the estimates.

Citigroup s analyses were prepared solely as part of Citigroup s analysis of the fairness of the exchange ratio in the merger and were provided to the Maxtor board of directors in that connection. The opinion of Citigroup was only one of the factors taken into consideration by the Maxtor board of directors in making its determination to approve the merger agreement and the merger. See Maxtor s Additional Reasons for the Merger and Board Recommendation beginning on page 42.

Citigroup is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Maxtor selected Citigroup to act as its financial advisor on the basis of Citigroup s international reputation and Citigroup s familiarity with Maxtor. Citigroup and its affiliates in the past have provided, and currently provide, services to Maxtor and Seagate unrelated to the merger, for which services Citigroup and such affiliates have received and expect to receive compensation, including, without limitation, that Citigroup was paid approximately $4.4 million as the sole bookrunner in connection with Maxtor s $300 million offering of 2.375% Convertible Senior Notes due 2012 which raised total gross proceeds of $326 million after the exercise of the over-allotment option. In the ordinary course of business, Citigroup and its affiliates may actively trade or hold the securities of Maxtor and Seagate for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In that regard, as of December 20, 2005, the date Citigroup rendered its opinion to the board of directors of Maxtor, Citigroup and its affiliates held approximately 4.8% of the Maxtor common stock (on a fully diluted basis based on information regarding outstanding shares provided by the Company) in the

Table of Contents

form of common stock and convertible securities issued by Maxtor. In addition, Citigroup and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Maxtor, Seagate and their respective affiliates, including providing financing and related services to Seagate following the transaction.

Pursuant to Citigroup s engagement letter, Maxtor agreed to pay Citigroup the following fees for its services rendered in connection with the merger: (i) a transaction fee of between 0.40% and 0.45% of the aggregate value of the transaction (adjusting the percentage downward as the transaction value approaches $3.0 billion, measured based on the average per share price of Seagate common shares for the 20 trading days prior to the closing date) and (ii) 10% of (A) any termination, break-up, topping, or similar fee or payment received in connection with the merger agreement and (B) any profit arising from any shares of Seagate or any of its affiliates acquired in connection with the merger, that will become payable promptly upon receipt of any such compensation by Maxtor. Maxtor has also agreed to reimburse Citigroup for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and expenses of its counsel, and to indemnify Citigroup against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

The exchange ratio was determined by arms -length negotiations between Maxtor and Seagate, in consultation with their respective financial advisors and other representatives, and was not established by such financial advisors.

Certain Maxtor Projections

Although Maxtor periodically issues guidance concerning its financial performance, Maxtor does not as a matter of course publicly disclose detailed forecasts or internal projections as to future revenues, earnings or financial condition. However, in the course of its discussions with Seagate, Maxtor provided Seagate with certain business and financial information, which Maxtor believes was not publicly available. Such information included the following summary information, which was derived from Maxtor s stand-alone long range plan for 2006-2007 presented by Maxtor to Seagate during management meetings between the companies on December 12, 2005:

Annual Consolidated Profit and Loss

(in millions, except per share data)

	FY06 Forecast	FY07 Forecast
Revenue	$ 4,672.4	$ 5,932.3
Income/(Loss) after Tax	(26.9)	283.6
Diluted EPS/(Basic EPS)	(0.11)	1.13

Assumptions

While such projections were prepared in good faith by Maxtor s management, no assurance can be made regarding future events. Therefore, such projections cannot be considered a reliable predictor of future operating results, and this information should not be relied on as such. In addition,

a number of assumptions were made in preparing the forecasts provided to Seagate, including, but not limited to assumptions regarding growth of Maxtor s overall market share of 2 percentage points between 2005 and 2007, along with units increasing in the total market at a compound annual growth rate of 18% through 2007, relatively stable overall average selling prices, Maxtor s timely introduction of products, component cost reductions within historical averages, the relocation of Maxtor s domestic media to a lower-cost Asian site by 2007, reduced levels of operating expenses as a percentage of revenue due to assumed revenue growth, the ability of Maxtor to execute to its plan without error and the existence of stable economic conditions in the hard disc drive industry. Furthermore, Maxtor prepared these projections on the same basis as Maxtor s audited financial statements, except that SFAS 123R

Table of Contents

was not taken into consideration, the effect of which would be to recognize additional compensation expense and reduce projected income after taxes.

The estimates and assumptions underlying the projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions which may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict and many of which are beyond the control of Maxtor and Seagate. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not differ materially from those presented in the projections, and the estimates and assumptions underlying the projections, do not reflect any potential impact from the announcement or pendency of the proposed merger on Maxtor s operations, financial results or financial condition. These estimates, assumptions and projections are subject to risks and uncertainties which could cause actual results to differ materially from these projections. In addition to those risks and uncertainties discussed in this joint proxy statement/prospectus, the estimates, assumptions and projections were also subject to risks described in the section entitled Risk Factors in Maxtor s Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the Securities and Exchange Commission and incorporated by reference into this joint proxy statement/prospectus.

The information in this section was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants or by the Securities and Exchange Commission regarding the preparation and presentation of projections or forecasts, or U.S. generally accepted accounting principles. In the view of Maxtor s management, the information was prepared on a reasonable basis, reflects their best estimates and judgments at the time, and presents, to the best of Maxtor s management s knowledge and belief, the then expected course of action and future financial performance of Maxtor. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information.

The projections included above have been prepared by, and are the responsibility of, Maxtor s management. PricewaterhouseCoopers LLP has neither examined nor compiled the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this offering document relates to Maxtor s historical financial information. It does not extend to the projections and should not be read to do so. In addition, Seagate s management and board of directors did not rely on these projections for purposes of their evaluation of the potential merits and risks of the merger, and Seagate s financial advisor did not rely on these projections for purposes of its fairness opinion rendered in connection with the merger.

These projections are not included in this joint proxy statement/prospectus in order to induce any stockholder to vote in favor of adoption of the merger agreement or the issuance of Seagate common shares in the merger.

The projections reflected herein were presented on December 12, 2005 to Seagate. Maxtor does not intend to update or otherwise revise the projections to reflect any circumstances occurring since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, Maxtor does not intend to update or revise the projections to reflect changes in general economic or industry conditions.

Interests of Maxtor s Directors and Executive Officers in the Merger

In considering the recommendation of Maxtor s board of directors regarding the merger agreement, Maxtor stockholders should be aware that members of Maxtor s board of directors and its executive officers have

Table of Contents

agreements or arrangements that provide them with interests in the merger that are different from, or in addition to, their interests as Maxtor stockholders. During its deliberations on the merits of the merger and in making its decision to recommend to the Maxtor stockholders that they vote to approve the adoption of the merger agreement, the Maxtor board of directors was aware of these agreements and arrangements, other than the adoption of the Executive Incentive Program and the grant of restricted stock to Mr. Richarz, which were approved by the board s compensation committee after the merger agreement was signed, as described below.

For a discussion of the ownership of Maxtor common stock and options by Maxtor s directors and executive officers, see Other Matters to be Considered at the Maxtor Annual Meeting Maxtor Proposal 2: Election of Directors Stock Ownership of Certain Beneficial Owners and Management beginning on page 123.

Combined Company Board of Directors

The merger agreement provides that Seagate will cause Dr. C.S. Park to be appointed to the board of directors of Seagate, effective as of the closing of the merger. In addition, the merger agreement provides that Seagate s board of directors will consider appointing an additional former Maxtor director to the Seagate board at its first meeting following the merger. Under Seagate s current stock compensation plan, each newly appointed non-management director is granted options to purchase 100,000 Seagate common shares at fair market value as of the date of grant, upon his or her joining the Board of Directors. Seagate s Nominating and Corporate Governance Committee and Compensation Committee are currently considering the application of that plan to Dr. Park. These options will vest over a period of four years from the date of grant. Upon re-election to Seagate s board of directors each year, each non-management director who has been a director of Seagate for at least six months prior to his or her re-election is granted options to purchase 25,000 of Seagate s common shares at fair market value as at the date of grant. These options will vest over a period of four years from the date of grant. Each of Seagate s non-management directors also receives annual cash compensation of $50,000 (payable in equal quarterly installments). Members of board committees are entitled to additional cash compensation. All members of Seagate s board of directors are reimbursed for their reasonable out-of-pocket travel expenses incurred in attending board and committee meetings.

Executive Retention and Severance Plan

Since its adoption by the compensation committee of Maxtor s board of directors on October 30, 2003, Maxtor has maintained the Executive Retention and Severance Plan, which we refer to herein as the Executive Severance Plan. For further information regarding the Executive Severance Plan, refer to the section below titled Other Matters to be Considered at the Maxtor Annual Meeting Maxtor Proposal 2: Election of Directors Employment Agreements, Termination of Employment and Change-In-Control Arrangements Termination of Employment beginning on page 132. Under the Executive Severance Plan, executive officers and other key employees designated by the compensation committee are entitled to certain benefits upon either: (i) a change in control of Maxtor, or (ii) involuntary termination of employment. The merger will constitute a change in control of Maxtor under this plan. As a result, the vesting of all restricted stock and restricted stock unit awards held by Maxtor s executive officers and key employees that are participants in the Executive Severance Plan whose employment does not terminate prior to the merger will accelerate in full at the effective time of the merger. In addition, any executive officer or other participant in the plan who, within the applicable period following the merger, as provided by the plan, is involuntarily terminated other than for cause or resigns following specified adverse changes in employment circumstances, and who complies with the requirements of the plan, will be entitled to specified cash severance payments, continuation of specified health, life insurance and long-term disability benefits and acceleration in full of the vesting of all of such participant s stock options and other equity awards. If any amount paid to Dr. Park under this plan or any other arrangement is characterized as an excess parachute payment under federal tax law, he will be entitled to an additional gross-up payment for any additional taxes due as a result of such characterization.

Table of Contents

Assuming the completion of the merger on July 1, 2006, the following table sets forth an estimate of the maximum total cash severance benefits that may become payable by Seagate under the Executive Severance Plan to each Maxtor executive officer if such officer is involuntarily terminated by Seagate other than for cause or resigns for reasons specified by the plan on the date of completion of the merger, and if all of the conditions for payment are satisfied, including the execution by a participant of a restrictive covenants agreement. Payment of the amounts set forth in this table assume that all of the conditions required for payment of the maximum benefits provided under the plan have been satisfied and further assume that each executive officer s current salary rate and annual incentive bonus opportunities remain unchanged prior to such individual s termination of employment.

Name of Executive Officers	Estimated Potential Cash Severance Benefits
Dr. C.S. Park	$4,550,000
Michael J. Wingert	$2,700,000
Duston M. Williams	$1,575,000
Fariba Danesh	$1,400,000
Kurt Richarz	$1,056,250
David L. Beaver	$ 920,563
William O. Sweeney	$ 749,987

For a further discussion of the benefits payable under the Executive Severance Plan, see Other Matters to be Considered at the Maxtor Annual Meeting Maxtor Proposal 2: Election of Directors Employment Agreements, Termination of Employment and Change-In-Control Arrangements Change-in-Control Arrangements Executive Retention and Severance Plan beginning on page 133.

Director and Executive Officer Stock Options, Restricted Stock and Restricted Stock Units

Upon the completion of the merger, each outstanding and unexercised option to purchase shares of Maxtor common stock (whether vested or unvested) will, at the effective time of the merger, be assumed by Seagate and converted automatically into an option to purchase Seagate common shares. The number of Seagate common shares subject to the new Seagate option will equal the number of Maxtor common shares subject to the assumed option multiplied by the fixed exchange ratio of 0.37, rounded down to the nearest whole share, and the per share exercise price of the new Seagate option will equal the per share exercise price of the assumed Maxtor option divided by the fixed exchange ratio of 0.37, rounded up to the nearest cent.

The vesting of all outstanding Maxtor options held by its non-employee directors will be accelerated in full at the time of the merger and converted into Seagate options, which will remain outstanding for the duration of their terms 90 days following the cessation of the directors Maxtor board service upon completion of the merger. See Other Matters to be Considered at the Maxtor Annual Meeting Maxtor Proposal 2: Election of Directors Report of the Compensation Committee on Executive Compensation beginning on page 135. Under the terms of the Executive Severance Plan, the vesting of a Maxtor executive officer s options assumed by Seagate in the merger will be accelerated in full if the executive officer is involuntarily terminated without cause or resigns following specified adverse changes in employment circumstances within a period of time specified by the plan. Such options will generally remain exercisable for 90 days following the executive officer s termination of employment.

Under the terms of the Executive Severance Plan, the vesting of restricted stock and restricted stock unit awards held by Maxtor executive officers remaining in office immediately prior to the merger will generally accelerate in full upon the completion of the merger, and fully vested

restricted stock units will be immediately settled by payment to its holder in cash or stock, as provided by the applicable award agreement. Non-employee members of Maxtor s board of directors have not been granted awards of restricted stock or restricted stock units.

Table of Contents

As of April 11, 2006, Maxtor s current executive officers and members of Maxtor s board of directors held the following options and restricted stock or restricted stock unit awards:

Executive Officers	Total Options Held	Vested & Exercisable Options	Unvested Options	Weighted Average Exercise Price of all Outstanding Options	Total Restricted Stock Held	Unvested Restricted Stock Units Held
Dr. C.S. Park	876,250	579,062	297,188	$ 4.28		50,000
Michael J. Wingert	750,000	234,375	515,625	$ 4.15		100,000
Duston M. Williams	400,000	118,750	281,250	$ 4.88		100,000
Fariba Danesh	310,000	106,250	203,750	$ 5.33		65,000
Kurt Richarz	212,500	81,875	130,625	$ 5.70	30,000(1)	40,000
David L. Beaver	621,213	474,025	147,188	$ 7.39		55,000
William O. Sweeney	155,330	63,068	92,262	$ 5.12		20,000
Outside Directors						
Kimberly E. Alexy	75,000	0	75,000	$ 5.13		
Richard E. Allen	75,000	0	75,000	$ 4.61		
Michael R. Cannon	1,754,075	1,735,325	18,750	$ 10.83		
Charles F. Christ	157,000	127,312	29,688	$ 7.07		
Charles M. Boesenberg	105,000	69,687	35,313	$ 5.85		
Charles Hill	167,000	134,187	32,813	$ 7.69		
Gregory E. Myers	95,000	50,625	44,375	$ 8.29		

(1) Includes 20,000 shares of restricted stock subject to acceleration of vesting only upon the first to occur within 12 months following a change of control of: (i) Mr. Richarz s involuntary termination other than for cause; (ii) reduction in base salary by ten percent (10%) or more; or (iii) reassignment to a work location that increases his one-way commute distance from his residence by more than 50 miles.

2006 Executive Incentive Plan

Maxtor s executive officers, other than Dr. Park, are participants in its 2006 Executive Incentive Plan, adopted on January 19, 2006 by the compensation committee of Maxtor s board of directors. See Other Matters to be Considered at the Maxtor Annual Meeting Maxtor Proposal 2: Election of Directors Report of the Compensation Committee on Executive Compensation beginning on page 135. Under this plan, participants who remain employed by Maxtor as of the closing of the merger with Seagate will receive a specified cash bonus, provided that Maxtor achieves one or more corporate financial goals established by the compensation committee, as measured through the fiscal quarter most recently completed prior to the consummation of the merger, or through the closing of the merger as applicable.

A participant in the plan will be eligible for a payment thirty (30) days after the closing of the merger if Maxtor achieves one or more of the following four corporate financial performance goals:

Financial Performance Goal	Percentage (%) Payable of Total Target Bonus

Cumulative Net Income/(Loss)	50%
Direct Material Commitments	20%
Revenue	15%
Cash Balance	15%

Executive officers participating in the plan and their maximum target bonus levels are: Mr. Wingert ($300,000); Mr. Williams ($250,000); Mr. Richarz ($250,000); Ms. Danesh ($250,000) Mr. Beaver ($250,000)

Table of Contents

and Mr. Sweeney ($150,000). Each participant in the plan will be entitled to the applicable portion of his or her target bonus only if the specified performance goal is met or exceeded by Maxtor. However, no additional payments will be made if Maxtor exceeds its performance goals, and no pro-rated payments will be made with respect to any performance goal not achieved.

Indemnification; Directors and Officers Insurance

The merger agreement provides that following the completion of the merger, Seagate will cause the surviving company in the merger to indemnify and hold harmless, and to provide advancement of expenses to, each person who served as a director or officer of Maxtor or its subsidiaries prior to the completion of the merger, to the fullest extent those persons were entitled to indemnification or advancement of expenses under applicable law and Maxtor s bylaws as in effect on the date of the merger agreement.

The merger agreement also provides that Seagate will use its best efforts to cause the persons serving as officers and directors of Maxtor prior to the effective time of the merger to be covered for a period of six years after completion of the merger by Maxtor s current directors and officers liability insurance policies to the extent such persons are covered by such policies as of the effective time, or policies of at least the same coverage and amount and containing terms and conditions that are not in the aggregate less advantageous than the current policy or arrange for tail coverage for such six-year period under Maxtor s current directors and officers liability insurance policy, in each such case provided that the expense for such coverage for any one year shall not be more than 200% of the annual premium currently paid by Maxtor for such insurance. The executive officers and directors of Maxtor have also entered into individual indemnity agreements with the company.

The articles of association or certificate of incorporation, as applicable, and bylaws of each of Seagate and Maxtor generally eliminate personal liability of the directors and officers of the respective companies and provide indemnification to such directors and officers, in each case to the fullest extent permitted by applicable law.

The interests described above may influence Maxtor s directors and executive officers in making their recommendation that Maxtor stockholders approve the adoption of the merger agreement. Maxtor stockholders should be aware of these interests when they consider the recommendation by Maxtor s board of directors that they vote in favor of the approval of the adoption of the merger agreement.

Seagate s Board of Directors and Management after the Merger

The directors of Seagate are not expected to change in connection with the completion of the merger, except that Seagate has agreed to increase the size of its board by one member and appoint Dr. Park as a director at the effective time of the merger. In addition, the Seagate board of directors has agreed to give consideration at the first meeting of the Seagate board of directors following the effective time of the merger to appointing as a director of Seagate another individual who served as a director of Maxtor as of the date of the merger agreement. Following the merger, one or more of the executive officers of Maxtor may become executive officers of Seagate. In connection therewith, Seagate may enter into compensatory arrangements with one or more executive officers of Maxtor, which arrangements may include payments of cash and/or grants of equity securities of Seagate.

Material Tax Consequences

General

The following discussion sets forth the material U.S. federal income tax consequences of the merger to U.S. holders of Maxtor common stock and the material U.S. federal income tax and Cayman Islands tax considerations applicable to the ownership of Seagate common shares by U.S. holders. For purposes of this

Table of Contents

discussion, we use the term U.S. holder to mean (1) prior to completion of the merger, a beneficial owner of Maxtor common stock who has held that stock for investment, and (2) after the completion of the merger, a beneficial owner of Seagate common shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any of its political subdivisions;
- an estate that is subject to U.S. federal income tax on its income regardless of the source of that income; or
- a trust that (i) is subject to the supervision of a court within the United States if one or more U.S. persons control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Maxtor common stock or, after completion of the merger, a beneficial owner of Seagate common shares, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership that is a beneficial owner of Maxtor common stock, you should consult your own tax advisors.

This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction other than the United States and the Cayman Islands. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the regulations of the U.S. Treasury Department and court and administrative rulings and decisions and Cayman Islands tax law in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion. The discussion below also assumes that the merger will be completed in accordance with the terms of the merger agreement.

This discussion is limited to shareholders who hold Maxtor common stock and, after the merger, will hold Seagate common shares, as capital assets within the meaning of section 1221 of the Code. Further, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity;
- an insurance company;
- a mutual fund;

a dealer in securities or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for your securities;

a shareholder subject to the alternative minimum tax provisions of the Code;

a person that has a functional currency other than the U.S. dollar;

a shareholder that, after the merger, actually or constructively will own 10% or more by vote of the outstanding shares of Seagate;

a holder of options, or a shareholder who acquired Maxtor common stock pursuant to employee stock options or otherwise as compensation;

Table of Contents

a broker-dealer; or

a shareholder who holds Maxtor common stock or shares as part of a hedge against currency risk, straddle or a constructive sale or conversion transaction.

You are advised to consult your own tax advisor as to the U.S. federal income tax consequences and the Cayman Islands tax consequences of the merger, and the ownership and disposition of Seagate common shares, in each case in light of the facts and circumstances that may be unique to you.

U.S. Federal Income Tax Consequences of the Merger to U.S. Holders of Maxtor Common Stock

Based on representations contained in representation letters provided by Seagate and Maxtor and on certain customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, it is the opinion of Simpson Thacher & Bartlett LLP, counsel to Seagate, and DLA Piper Rudnick Gray Cary US LLP, counsel to Maxtor, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that Seagate will be treated as a corporation under Section 367(a) of the Code with respect to each transfer by Maxtor stockholders of Maxtor common stock to Seagate pursuant to the merger. Accordingly, the material U.S. federal income tax consequences of the merger to a U.S. holder of Maxtor common stock (other than a five-percent transferee shareholder, as described below) will be as follows:

you will not recognize gain or loss when you exchange your Maxtor common stock solely for Seagate common shares, except to the extent of any cash received in lieu of a fractional share of Seagate;

your aggregate tax basis in the Seagate common shares that you receive in the merger (including any fractional share interest you are deemed to receive and exchange for cash) will equal your aggregate tax basis in the Maxtor common stock you surrender; and

your holding period for the Seagate common shares that you receive in the merger will include your holding period for the shares of Maxtor common stock that you surrender in the exchange.

If you acquired different blocks of Maxtor common stock at different times and at different prices, your tax basis and holding period in your Seagate common shares may be determined with reference to each block of Maxtor common stock.

Cash in lieu of Fractional Shares. A U.S. holder will generally recognize capital gain or loss on any cash received in lieu of a fractional Seagate common share equal to the difference between the amount of cash received and the tax basis allocated to such fractional share. That gain or loss will constitute long-term capital gain or loss if such U.S. holder s holding period in Maxtor common stock surrendered in the merger is greater than 12 months as of the date of the merger.

Five-Percent Transferee Shareholders. A U.S. holder who is a five-percent transferee shareholder, as defined in Treasury regulations promulgated under Section 367(a) of the Code, with respect to Seagate after the merger will qualify for non-recognition treatment as described in this joint proxy statement/prospectus only if the shareholder files a gain recognition agreement, as defined in U.S. Treasury regulations promulgated under Section 367(a) of the Code, with the Internal Revenue Service. Any U.S. holder of Maxtor common stock who will be a five-percent transferee shareholder with respect to Seagate after the merger is urged to consult with his or her own tax advisor concerning the

decision to file a gain recognition agreement and the procedures to be followed in connection with that filing.

Tax Opinion. It is not a condition to the completion of the merger that either Seagate or Maxtor receive an opinion from its respective counsel that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code or that Seagate will be treated as a corporation under Section 367(a) of the Code with respect to each transfer by Maxtor stockholders of Maxtor common stock

Table of Contents

to Seagate pursuant to the merger. Although not anticipated, facts and circumstances may change between the date of this joint proxy statement/prospectus and the closing date of the merger, potentially with such change in facts and circumstances causing the merger to be a fully-taxable transaction for Maxtor stockholders. The merger may be consummated even if it is a fully taxable transaction for Maxtor stockholders. If the merger fails to qualify as a reorganization within the meaning of Section 368(a) of the Code or if Seagate is not treated as a corporation under Section 367(a) of the Code, you will recognize taxable gain or loss on the merger equal to the difference between the fair market value of the Seagate stock received in the merger and your tax basis in the Maxtor stock surrendered in the merger. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if your holding period for your Maxtor stock is greater than one year. Long-term capital gain of non-corporate stockholders is subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Maxtor stockholders will receive an information report notifying them if Seagate or Maxtor determines that, due to some unanticipated change in facts and circumstances, the merger is a fully taxable transaction.

Backup Withholding. If you are a non-corporate holder of Maxtor common stock you may be subject to information reporting and backup withholding on any cash payments received in lieu of a fractional Seagate common share. You will not be subject to backup withholding, however, if you:

- furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to you following the completion of the merger; or
- are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the Internal Revenue Service.

Reporting Requirements. Upon the receipt of Seagate common shares as a result of the merger, you will be required to retain records pertaining to the merger. You will also be required to file with your U.S. federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

U.S. Federal Income Tax Consequences of Owning Seagate Common Shares

Taxation of Dividends. The gross amount of distributions paid to you will generally be treated as dividend income to you if the distributions are made from Seagate s current or accumulated earnings and profits, calculated according to U.S. federal income tax principles. Such income will be includible in your gross income on the day you actually or constructively receive it. Corporations that are U.S. holders will not be entitled to claim a dividends received deduction because Seagate is not a U.S. corporation.

To the extent that the amount of any distribution exceeds Seagate s current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in your adjusted basis in the Seagate common shares (thereby increasing the amount of gain, or decreasing the amount of loss, you will recognize on a subsequent disposition of the shares), and the balance in excess of your adjusted basis will be taxed as capital gain recognized on a sale or exchange. Seagate did not have current or accumulated earnings and profits for U.S. federal income tax purposes as of the taxable year ended July 1, 2005. There can be no assurance that Seagate will not have current or accumulated earnings and profits in the current taxable year or in future taxable years.

Under current law, if Seagate makes distributions before January 1, 2009 from its current or accumulated earnings and profits, U.S. holders who are individuals may be eligible for reduced rates of taxation applicable to dividend income so long as Seagate common shares are readily tradable on an established securities market in the United States. Seagate believes that its common shares, which are listed on the New York Stock Exchange, are

Table of Contents

readily tradable on an established securities market in the United States. There can be no assurance that Seagate common shares will continue to be readily tradable on an established securities market in later years (or that the shares will be readily tradable on an established securities market in any given year). Individuals that (a) do not meet a minimum holding period requirement for Seagate common shares during which such individuals are not protected from the risk of loss or (b) elect to treat the dividend income as investment income pursuant to section 163(d)(4) of the Code, will not be eligible for the reduced rates of taxation regardless of the trading status of Seagate common shares. Holders should consult their own tax advisors regarding the application of these rules given their particular circumstances.

Disposition of Common Shares. When you sell or otherwise dispose of your Seagate common shares in a taxable transaction you will recognize capital gain or loss in an amount equal to the difference between the amount you realize for the shares and your adjusted tax basis in them. Such gain or loss will generally be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as U.S. source gain or loss.

Information Reporting and Backup Withholding. In general, unless you are an exempt recipient such as a corporation, information reporting will apply to dividends in respect of the Seagate common shares or the proceeds received on the sale, exchange or redemption of those Seagate common shares paid to you within the United States and, in some cases, outside of the United States. Additionally, if you fail to provide your taxpayer identification number, or fail either to report in full dividend and interest income or to make certain certifications, you will be subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that you furnish the required information to the Internal Revenue Service.

Cayman Islands Tax Consequences of Owning Seagate Common Shares

You will not be subject to Cayman Islands taxation on payments of dividends or upon the repurchase by Seagate of your Seagate common shares. In addition, you will not be subject to withholding tax on payments of dividends or distributions, including upon a return of capital, nor will gains derived from the disposal of Seagate common shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No Cayman Islands stamp duty will be payable by you in respect of the issue or transfer of Seagate common shares. However, an instrument transferring title to a Seagate common share, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

Seagate has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, obtained an undertaking in August 2000 from the Governor-in-Cabinet of the Cayman Islands substantially that, for a period of twenty years from the date of such undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profit or income or gains or appreciation shall apply to Seagate and no such tax and no tax in the nature of estate duty or inheritance tax will be payable, either directly or by way of withholding, on Seagate common shares.

Accounting Treatment of the Merger

The merger will be accounted for using the purchase method of accounting with Seagate treated as the acquiror. Under this method of accounting, Maxtor s assets and liabilities will be recorded by Seagate at their respective fair values as of the closing date of the merger and

added to those of Seagate. Any excess of purchase price over the net fair values of Maxtor s assets and liabilities will be recorded as goodwill. Any excess of the fair value of Maxtor s net assets over the purchase price will be allocated as a pro rata reduction of the amounts that would otherwise have been assigned to certain of Maxtor s non-current assets acquired. Financial statements

Table of Contents

of Seagate issued after the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of Maxtor prior to the merger. The results of operations of Maxtor will be included in the results of operations of Seagate beginning on the effective date of the merger.

Regulatory Approvals Required for the Merger

U.S. Antitrust. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, we cannot complete the merger until we have given notification and furnished information relating to the operations of Seagate and Maxtor and the markets in which they operate to the Federal Trade Commission and the Antitrust Division of the Department of Justice and the applicable waiting period expires or the transaction is granted early termination. On January 13, 2006, Seagate and Maxtor each filed a premerger notification and report form under the HSR Act and merger review was assigned to the FTC. The HSR Act waiting period expired on February 13, 2006 at 11:59 p.m., New York City time. At any time before or after the consummation of the merger, the Department of Justice, the FTC or one or more state attorneys general could take any action under the antitrust laws that it deems necessary or desirable in the public interest, including seeking to enjoin or rescind the merger. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

European Union Antitrust. Seagate and Maxtor each conduct business in member states of the European Union Council Regulation (EC) No. 139/2004 requires notification to and approval by the European Commission of mergers or acquisitions involving parties with aggregate worldwide sales and individual European Union sales exceeding specified thresholds. Seagate submitted its notification on March 20, 2006. No separate filing is required by Maxtor. The time specified for a Phase I investigation will expire on April 27, 2006 at 11:59 p.m., Brussels time, unless the European Commission extends the Phase I investigation or initiates Phase II investigation procedures as described below.

The European Commission must review the merger to determine whether or not it is compatible with the common market of the European Union. If the merger does not significantly impede effective competition in all or a substantial part of the common market of the European Union, in particular as a result of the creation or strengthening of a dominant position, Seagate and Maxtor will be permitted by the EU merger control regulation to proceed with the merger. The European Commission first conducts a preliminary investigation of the merger, the Phase I investigation, which lasts 25 working days. The Phase I investigation may be extended 10 additional working days if an EU Member State requests that the European Commission refer all or part of the merger for review by a governmental authority of that Member State, or where the notifying parties offer commitments to the European Commission during the Phase I investigation to remedy any antitrust concerns. If the European Commission determines not to investigate further at the end of the Phase I investigation, it will issue a decision approving the merger. If the European Commission determines to examine the merger more closely, it will initiate Phase II investigation procedures. The European Commission must issue a final decision as to whether the merger may proceed no later than 90 working days after the initiation of the Phase II investigation, unless the period has been extended to consider commitments to resolve any antitrust concerns in which case the Phase II investigation is extended to 105 working days. If the European Commission does not issue a final decision at the end of the time specified for a Phase I investigation or, if it has initiated Phase II proceedings and has not issued a decision by the end of the time specified for a Phase II investigation, the merger will be deemed to have been approved.

Seagate and Maxtor cannot assure you that the European Commission will not initiate a Phase II investigation, or that the European Commission will not declare the merger incompatible with the common market or require concessions to be given as a condition of clearance. Obtaining clearance from the European Commission is a condition to completing the merger.

Other Laws. In addition to the regulatory approvals described above, the merger is also subject to receipt of regulatory approvals under the antitrust laws of Japan, Korea and Taiwan. Seagate and Maxtor have submitted notification filings in these jurisdictions, with the applicable waiting periods in Japan, Korea and Taiwan expiring

71

Table of Contents

on May 8, May 6 and May 3, 2006, respectively, which periods may be shortened or extended under certain circumstances. In addition, while not conditions in the merger agreement to the completion of the merger, the parties are seeking governmental anti-trust or merger control approvals in other jurisdictions, including Brazil, China, South Africa, Turkey and Australia, where notifications have already been submitted. Seagate and Maxtor are not aware of any other governmental approvals that are required for this transaction. If any other approval or action is required, it is presently contemplated that Seagate and Maxtor would seek to obtain such approval. There can be no assurance that any other approvals, if required, will be obtained.

General. Under the merger agreement, Seagate and Maxtor have both agreed to use best efforts to complete the merger, including to gain clearance from antitrust and competition authorities. Governmental entities with which filings are made may seek concessions as conditions for granting approval of the merger. For this purpose, Seagate and Maxtor have each agreed to cooperate and use their respective best efforts to (i) contest and resist any administrative or judicial action or proceeding instituted by a governmental entity or a private party challenging any of the transactions contemplated by the merger agreement and (ii) vigorously defend to judgment, if necessary, any action, whether judicial or administrative, in connection with the transaction contemplated by the merger agreement with the objective of permitting the merger to close as soon as practicable with the fewest conditions and restrictions reasonably possible. Although Seagate and Maxtor do not expect the regulatory authorities to raise any significant objections to the merger, Seagate and Maxtor cannot assure you that all required regulatory approvals will be obtained or that these approvals will not require actions or contain restrictions or conditions that would be detrimental to Seagate or Maxtor.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which do not include review of the merger from the standpoint of the adequacy of the consideration to be received by Maxtor stockholders. Further, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Conversion of Shares; Exchange of Certificates; Dividends; Withholding

Conversion and Exchange of Shares. The conversion of shares of Maxtor common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. The exchange agent will, as soon as reasonably practicable after the effective time of the merger, exchange Maxtor shares for the merger consideration to be received in the merger pursuant to the terms of the merger agreement.

Letter of Transmittal. As soon as reasonably practicable after the effective time of the merger, the exchange agent will send a letter of transmittal to those persons who were record holders of shares of Maxtor common stock at the effective time of the merger. This mailing will contain instructions on how to surrender Maxtor shares in exchange for the merger consideration the holder is entitled to receive under the merger agreement. When you deliver to the exchange agent your properly completed letter of transmittal and any other required documents (including your Maxtor stock certificate(s) if you hold your shares in certificated form), your shares will be cancelled.

IF YOU HOLD YOUR SHARES IN CERTIFICATED FORM, DO NOT SUBMIT YOUR MAXTOR STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.

If a certificate for Maxtor common stock has been lost, stolen or destroyed, the exchange agent will issue the applicable merger consideration deliverable under the merger agreement upon compliance by the applicable stockholder with the replacement requirements established by Seagate or the exchange agent.

Fractional Shares. You will not receive fractional Seagate common shares in connection with the merger. Instead, each holder of Maxtor shares exchanged in the merger who would otherwise have received a fraction of a Seagate common share will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of Maxtor common stock

Table of Contents

owned by such holder immediately prior to the effective time of the merger) by the average of the closing sale price of one Seagate common share for the twenty trading days immediately preceding the closing date of the merger on the New York Stock Exchange as reported by *The Wall Street Journal*.

Dividends and Distributions. Until shares of Maxtor common stock are surrendered for exchange, any dividends or other distributions declared after the effective time of the merger with respect to Seagate common shares into which Maxtor shares may have been converted will accrue but will not be paid. Seagate will pay to former Maxtor stockholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their shares. After the effective time of the merger, there will be no transfers on the stock transfer books of Maxtor of any Maxtor shares. If shares of Maxtor common stock are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the applicable merger consideration into which such shares have been converted pursuant to the merger agreement.

Withholding. Seagate or the exchange agent will be entitled to deduct and withhold from the merger consideration otherwise payable to any Maxtor stockholder the amounts it is required to deduct and withhold under the Code or any provision of any federal, state, local or foreign tax law. To the extent that Seagate or the exchange agent withholds any amounts and pays over such amounts to the appropriate taxing authority, these amounts will be treated for all purposes of the merger as having been paid to the stockholders in respect of whom such deduction and withholding were made.

Treatment of Maxtor Convertible Notes

Maxtor currently has a series of 6.80% convertible senior notes due 2010 and a series of 2.375% convertible senior notes due 2012 outstanding. The convertible senior notes outstanding at the effective time of the merger will continue to be governed by the terms of the indenture currently governing the convertible senior notes. However, at the effective time of the merger, Seagate will enter into supplemental indentures providing that each convertible senior note will be convertible, in accordance with the terms of the indenture, into the number of Seagate common shares that would be issued in the merger to the holder of the number of shares of Maxtor common stock into which such convertible senior note would have been convertible immediately prior to the effective time of the merger. Holders of the convertible senior notes are not entitled to vote in connection with the merger and do not need to take any action for this adjustment to occur. In addition, Seagate has agreed in the merger agreement to use its best efforts to maintain an effective registration statement with respect to the Seagate common shares to be issued upon conversion of the 2.375% convertible senior notes following the effective time of the merger in accordance with the terms of the indenture governing such notes and the related registration rights agreement. Maxtor also has a series of 5.75% convertible subordinated debentures due 2012 which are not convertible into equity and are only convertible into cash at a price of $167.50 per $1,000 principal amount. No adjustment will be made to the conversion rights of these debentures in connection with the merger.

No Dissenters Rights of Appraisal

Neither Cayman Islands law nor Seagate s third amended and restated memorandum of association specifically provides for appraisal rights.

The Delaware General Corporation Law provides that in some mergers, shareholders who do not vote in favor of the merger and who comply with a series of statutory requirements have the right to receive, instead of the merger consideration, the fair value of their shares as appraised by the Delaware Court of Chancery, payable in cash. However, this right to appraisal is not available under the Delaware General Corporation Law to holders of Maxtor common stock in connection with the merger.

As a result of the foregoing, neither Seagate shareholders nor Maxtor stockholders will be entitled to exercise any dissenters rights of appraisal in connection with the transactions contemplated by the merger agreement.

Table of Contents

Restrictions on Sales of Shares by Affiliates of Maxtor

The Seagate common shares to be issued in connection with the merger will be registered under the Securities Act of 1933, as amended, and will be freely transferable under the Securities Act, except for Seagate common shares issued to any person who is deemed to be an affiliate of Maxtor at the time of the Maxtor annual meeting. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of Maxtor and may include Maxtor s executive officers, directors and significant stockholders. Affiliates may not sell their Seagate common shares acquired in connection with the mergers except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or
- any other applicable exemption under the Securities Act.

Maxtor has agreed to use its best efforts to deliver to Seagate a letter agreement executed by each of its affiliates prior to the date of the Maxtor annual meeting, pursuant to which these affiliates will agree, among other things, not to transfer any Seagate common shares received in the merger except in compliance with the Securities Act. The registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part does not cover resales of Seagate common shares received in the merger by affiliates of Maxtor.

Stock Exchange Listings

Seagate has agreed to use its best efforts to cause the Seagate common shares to be issued in the merger to be approved for listing on the New York Stock Exchange. It is a condition to Maxtor s obligation to consummate the merger that such shares be approved for listing on the New York Stock Exchange, subject to official notice of issuance. Following the merger, the Seagate common shares will continue to trade on the New York Stock Exchange under the symbol STX .

Delisting and Deregistration of Maxtor Stock after the Merger

When the merger is completed, the Maxtor common stock currently listed on the New York Stock Exchange will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended.

Legal Proceedings Relating to the Merger

On January 20, 2006, a purported class action case, styled *Theodore F. Vahl v. Maxtor Corporation, C.S. Park, Charles F. Christ, Gregory E. Myers, Charles M. Boesenberg, Michael R. Cannon, M. Charles Hill, Richard E. Allen and Does 1-25* (Case No. 1-06-CV056577), was filed in the Superior Court of California, County of Santa Clara. This case asserts claims on behalf of a purported class of Maxtor stockholders against

Maxtor and its directors and certain unnamed defendants. The plaintiff alleges, among other matters, that the individual defendant directors breached their fiduciary duties as a result of engaging in self-dealing, obtaining for themselves personal benefits not shared equally by the plaintiff and failing to properly value Maxtor. The action seeks equitable relief, including an injunction against the consummation of the merger, and the action includes the creation of a constructive trust to benefit the plaintiffs into which the directors must transfer any monetary benefits gained as a result of the sale. On March 1, 2006, defendants filed an Answer and Demurrer. Thereafter, plaintiff indicated that he would file an amended complaint and defendants stipulated that an amended complaint could be filed without leave of court. The amended complaint has not yet been filed. The lawsuit is in its preliminary stages and it is impossible to predict the outcome or the length of time it will take to resolve the action. Maxtor believes the lawsuit is without merit and intends to defend against it vigorously.

Table of Contents

THE MERGER AGREEMENT

This section of this joint proxy statement/prospectus describes the material terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is incorporated by reference and attached as Annex A to this joint proxy statement/prospectus. You are urged to read the full text of the merger agreement.

The merger agreement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to the parties to the merger agreement as of specific dates. The statements embodied in those representations and warranties were made for purposes of the merger agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. In addition, certain representations and warranties were made as of a specified date, may be subject to contractual standards of materiality different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk among the parties rather than establishing matters as facts.

Structure

Subject to the terms and conditions of the merger agreement, and in accordance with Delaware law, MD Merger Corporation, a wholly-owned subsidiary of Seagate which is referred to as Merger Sub, will merge with and into Maxtor. Maxtor will be the surviving corporation in the merger and will continue to exist after the merger as a wholly-owned subsidiary of Seagate. Upon completion of the merger, the separate corporate existence of Merger Sub will terminate.

Consideration To Be Received in the Merger

Upon completion of the merger, each outstanding share of Maxtor common stock (other than shares owned directly by Maxtor or Seagate which will generally be cancelled) will be converted into the right to receive 0.37 Seagate common shares. For purposes of the conversion of shares, Maxtor restricted stock will be treated the same as common stock. After completion of the merger, former Maxtor stockholders will own approximately 16% of the outstanding common shares of the combined company and continuing Seagate shareholders will own approximately 84% of the combined company.

The value of the per share merger consideration is dependent upon the value of Seagate common shares and therefore will fluctuate with the market price of Seagate common shares. The following table illustrates the value of the per share merger consideration based upon a hypothetical range of per share closing prices for Seagate common shares.

PER SHARE MERGER CONSIDERATION

Seagate Share Price (1)	Percentage Change in Seagate Share Price (2)	Value of Per Share Merger Consideration (3)

$29.40	50%	$10.88
$28.42	45%	$10.52
$27.44	40%	$10.15
$26.46	35%	$ 9.79
$25.48	30%	$ 9.43
$24.50	25%	$ 9.07
$23.52	20%	$ 8.70
$22.54	15%	$ 8.34
$21.56	10%	$ 7.98
$20.58	5%	$ 7.61
$19.60	0%	$ 7.25
$18.62	-5%	$ 6.89
$17.64	-10%	$ 6.53
$16.66	-15%	$ 6.16
$15.68	-20%	$ 5.80
$14.70	-25%	$ 5.44
$13.72	-30%	$ 5.08

Table of Contents

(1) Assumed closing sale price for Seagate common shares on the closing date of the merger.

(2) Percentage difference between assumed closing sale price for Seagate common shares on the closing date of the merger and $19.60, which was the closing sale price for Seagate common shares on December 20, 2005, the last full trading day prior to the announcement of the merger agreement.

(3) Calculated by multiplying the exchange ratio of 0.37 by the assumed closing sale price for Seagate common shares on the closing date of the merger.

Stock Options and Restricted Stock Units

Upon the completion of the merger, each outstanding and unexercised option to purchase shares of Maxtor common stock granted (or previously assumed) by Maxtor, whether vested or unvested, will, at the effective time of the merger, be assumed by Seagate and will be converted automatically into an option to purchase Seagate common shares and will continue to be governed by the terms of the Maxtor stock plan or other share-based plan document under which it was granted, except that:

- the number of Seagate common shares subject to the new Seagate stock option will be equal to the product of the number of shares of Maxtor common stock subject to the Maxtor stock option and the fixed exchange ratio of 0.37, rounded down to the nearest whole share; and

- the exercise price per share of Seagate common shares subject to the new Seagate stock option will be equal to the exercise price per share of Maxtor common stock under the Maxtor stock option divided by the fixed exchange ratio of 0.37, rounded up to the nearest cent.

In addition, each outstanding restricted stock unit award representing a right to receive Maxtor common stock will, at the effective time of the merger, be assumed by Seagate and converted automatically into a right to receive upon settlement a number of Seagate common shares equal to the product of the number of shares of Maxtor common stock subject to the Maxtor restricted stock unit award and the fixed exchange ratio of 0.37, rounded down to the nearest whole share.

Effective Time and Timing of Closing

The merger will be completed and become effective when we file the certificate of merger with the Secretary of State of the State of Delaware. However, Seagate and Maxtor may agree to a later time for completion of the merger and specify that time in the certificate of merger. The closing of the merger will take place on the second business day after the conditions to the merger have been satisfied or waived, or on such other date as Seagate and Maxtor may agree.

Seagate and Maxtor anticipate that the merger will be completed shortly after the respective shareholder meetings of Seagate and Maxtor. However, completion of the merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying any other conditions to the merger. There can be no assurances as to whether, or when, Seagate and Maxtor will obtain the required approvals or complete the merger.

Representations and Warranties

The merger agreement contains generally customary representations and warranties of Seagate, Maxtor and Merger Sub relating to their respective businesses. For purposes of determining the satisfaction of the closing conditions relating to each party s representations and warranties as described under Conditions to Complete the Merger below, subject to limited exceptions, each representation and warranty will be deemed to be true and correct in all respects unless the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, results in a material adverse effect with respect to the party making the representations and warranties and, in the case of representations and warranties made by Maxtor, results from the intentional misrepresentation by Maxtor as of the date of the merger agreement. For purposes of the merger

Table of Contents

agreement, material adverse effect means with respect to Seagate, Maxtor, or Seagate and Maxtor (taken together, as a whole), as the case may be, any fact, event, change, development, circumstance or effect that has a substantial, material and long term adverse effect on the business, results of operations, financial condition, assets (including intangible assets), liabilities, or properties of such party and its subsidiaries taken as a whole. However, in determining whether a material adverse effect has occurred, there will be excluded any fact, event, change, development, circumstance or effect on the referenced party which resulted from or is attributable to:

- any change in applicable laws, rules or regulations or interpretations thereof by courts or governmental authorities;
- any change in GAAP or accounting requirements applicable to such party or its subsidiaries;
- any change in general economic conditions in the United States or any other country in which the referenced party conducts significant operations or derives significant sales;
- any change or condition affecting the industries in which such party operates;
- any decrease in the market price or trading volume of such party s common stock (provided that the underlying causes of such decrease will generally not be excluded);
- any failure to meet internal projections or forecasts or published revenue or earnings predictions for any period (provided that the underlying causes of such failures will generally not be excluded);
- the announcement, pendency or consummation of the merger agreement or the transactions contemplated thereby, including, any resulting: shortfalls or declines in revenue, margins or profitability; loss of, or disruption in, any customer, supplier and/or vendor relationships; or loss of personnel;
- any disruption, deterioration, or restructuring of, or loss of market share, revenues, margins or profitability from or in one or more divisions or product groups to the extent such effects are attributable to normal operating results, problems or events (provided that such effects will not be excluded with respect to Maxtor in the event that they are attributable to a breach by Maxtor of certain of its obligations described under Conduct of Business Pending the Merger below, and such breach would entitle Seagate to refuse to effect the merger pursuant to the terms of the merger agreement); or
- the performance of the merger agreement and the transactions contemplated thereby, including compliance with the covenants contained therein.

Each of Seagate and Merger Sub, on the one hand, and Maxtor, on the other hand, has made representations and warranties to the other in the merger agreement that are subject, in some cases, to specified exceptions and qualifications. These representations and warranties relate to, among other things:

- corporate matters, including due organization and qualification;
- capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;

governmental filings and consents necessary to complete the merger;

the timely filing of regulatory reports, and the absence of investigations by regulatory agencies;

financial statements;

the absence of undisclosed liabilities;

broker s fees payable in connection with the merger;

the absence of events having, or reasonably expected to have, a material adverse effect;

Table of Contents

legal proceedings and governmental orders;

compliance with applicable laws, including the Sarbanes-Oxley Act of 2002; and

the accuracy of information supplied for inclusion in this document and other similar documents.

In addition, Maxtor has made other representations and warranties about itself to Seagate and Merger Sub that are subject, in some cases, to specified exceptions and qualifications. These representations and warranties relate to, among other things:

tax matters;

intellectual property;

employee matters and benefit plans;

matters relating to certain contracts;

the inapplicability of takeover laws;

real and personal property;

insurance matters;

environmental liabilities;

labor matters; and

the receipt of a fairness opinion from its financial advisor.

Conduct of Business Pending the Merger

Conduct of Business of Maxtor Pending the Merger

Maxtor has agreed in the merger agreement that, prior to the completion of the merger, except as expressly contemplated or permitted by the merger agreement or as required by applicable law, rule or regulation, it will, and will cause its subsidiaries to, (i) conduct their respective businesses in the usual, regular and ordinary course consistent with past practice or with commercially reasonable business judgment so as to maintain and preserve intact its business organization and advantageous business relationships and retain the services of its officers and key employees, consistent with market conditions, and (ii) not take any action that would reasonably be expected to materially and adversely affect or materially delay its ability to obtain governmental approvals required to complete the merger or its ability to complete the merger.

Maxtor further has agreed that, except as expressly contemplated or permitted by the merger agreement or as required by applicable law, rule or regulation, and with certain other exceptions, Maxtor will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions without the prior written consent of Seagate (which consent is not to be unreasonably withheld or delayed):

adjust, split, combine or reclassify any of its capital stock;

repurchase, redeem or otherwise acquire any of its capital stock or any securities or obligations convertible into or exchangeable for any shares of its capital stock;

issue shares of its capital stock;

grant any stock appreciation rights or any right to acquire shares of its capital stock;

make, declare, pay or set any record date for the payment of any dividends or other distributions on any shares of its capital stock;

incur any indebtedness, issue any material amount of debt securities or assume, guarantee or endorse or otherwise become responsible for the obligations of another person, except for indebtedness incurred in the ordinary course of business consistent with past practice;

Table of Contents

except in the ordinary course of business or as expressly required by the terms of existing agreements, sell, transfer, license, mortgage, encumber or otherwise dispose of any assets (other than intangible assets or intellectual property rights) or properties, or cancel, release or assign any indebtedness;

sell, transfer, license, encumber or otherwise dispose of any intellectual property rights, other than non-exclusive licenses granted in the ordinary course of business consistent with past practice;

make any acquisition or investment in excess of $10 million in any single transaction or series of related transactions or $20 million in the aggregate;

except in the ordinary course of business, enter into, amend, renew, extend or terminate its existing material contracts or new contracts meeting certain specified criteria;

increase compensation or fringe benefits; pay any severance, benefit, incentive payment, retention or signing bonus, or pension or retirement allowance not required by any existing plan or agreement existing on the date of the merger agreement;

establish, amend, enter into, or become a party to any pension, retirement, profit-sharing, severance or welfare benefit plan, or agreement or incentive or employment agreement with or for the benefit of any employee, director or independent contractor;

accelerate the vesting of any stock options or other stock based-compensation;

make any capital expenditures, other than expenditures necessary to maintain existing assets in good repair;

engage or participate in any material transaction or incur or sustain any material obligation;

settle any claim, action or proceeding involving payments in excess of $500,000 with respect to any single claim or series of related claims or $5 million in the aggregate; or agree or consent to the issuance of any injunction, decree, order, settlement agreement or judgment restricting its business or operations in any material respect;

amend its certificate of incorporation or bylaws;

enter into a plan of consolidation, merger, share exchange or reorganization with any person, or a letter of intent or agreement in principle with respect to the foregoing;

take any action or fail to take any action which would reasonably be expected to materially and adversely impair or delay completion of the merger beyond the time period contemplated by the merger agreement;

change its tax or financial accounting methods;

make or change any material tax election, or settle or compromise any material tax liability;

take any action that is intended to or would result in any of the representations and warranties set forth in the merger agreement being or becoming untrue in any material respect or in any conditions to effecting the merger becoming incapable of being satisfied, or in a material violation of the merger agreement; or

authorize, recommend, agree, make any commitment, or announce an intention to take any of the foregoing actions.

Conduct of Business of Seagate Pending the Merger

Seagate has agreed in the merger agreement that, prior to the completion of the merger, except as expressly contemplated or permitted by the merger agreement or as required by law, it will not (i) amend its memorandum and articles of association in a manner that would materially and adversely affect the economic benefits of the merger to Maxtor stockholders, (ii) make, declare, pay or set any record date for the payment of any

Table of Contents

extraordinary dividends or distributions on its capital stock, (iii) take any action that is intended to or would result in any of the representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at a time prior to the effective time of the merger or in any conditions to effecting the merger becoming incapable of being satisfied, or in a material violation of the merger agreement, (iv) take any action or fail to take any action that would reasonably be expected to materially impair or delay consummation of the transactions contemplated in the merger agreement, or (v) authorize, recommend, agree, make any commitment, or announce an intention to take any of the foregoing actions.

Shareholders Meeting and Duty to Recommend

Seagate and Maxtor have agreed to call, give notice of, convene and hold a meeting of their respective shareholders as promptly as practicable after the registration statement of which this joint proxy statement/prospectus forms a part is declared effective by the Securities and Exchange Commission. Seagate s board of directors has agreed (i) to recommend the approval of the issuance of Seagate common shares in the merger by Seagate shareholders and (ii) not withdraw, modify or qualify such qualification in any manner adverse to Maxtor, or take any other action or make any other public statement in connection with the Seagate extraordinary general meeting inconsistent with such recommendation. Maxtor s board of directors has agreed (i) to recommend the adoption of the merger agreement by Maxtor stockholders and (ii) not to withdraw, modify or qualify its recommendation in any manner adverse to Seagate, or take any action or make any statement in connection with the Maxtor stockholder meeting inconsistent with its recommendation. However, Maxtor may take any of the actions described in clause (ii) above if Maxtor s board of directors, after consultation with outside counsel, determines in good faith that failure to take such action would reasonably be expected to result in a violation of its fiduciary duties under applicable law. The merger agreement requires Maxtor to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends adoption of the merger agreement.

No Solicitation of Alternative Transactions

Maxtor has agreed that it, its subsidiaries and any of their respective officers, directors, employees, agents, representatives and affiliates will not, directly or indirectly:

- initiate, solicit, encourage or knowingly and intentionally encourage or facilitate any inquiries or proposals with respect to any acquisition proposal;
- engage in any negotiations concerning, or provide any nonpublic information to, or have any discussions with any person relating to, any acquisition proposal;
- waive, terminate, modify or fail to enforce any provision of any contractual standstill or similar obligation of any person other than Seagate or its affiliates; or
- approve or recommend, or publicly propose to approve or recommend, any acquisition proposal, or execute or enter into any letter of intent, agreement in principle, merger agreement, share purchase agreement, asset purchase or share exchange agreement, option agreement or other similar agreement relating to an acquisition proposal or publicly propose or agree to do any of the foregoing.

However, if Maxtor receives an unsolicited bona fide acquisition proposal, Maxtor may engage in discussions with, or provide nonpublic information to, the person making the acquisition proposal if and only to the extent that:

the polls as to the approval of the merger agreement at the Maxtor stockholders meeting have not closed;

Maxtor s board of directors concludes in good faith that such acquisition proposal constitutes or is reasonably likely to constitute a superior proposal;

Table of Contents

Maxtor s board of directors concludes in good faith (after consultation with its outside counsel) that failure to take such actions would reasonably be expected to result in a violation of its fiduciary duties under applicable law;

prior to providing any nonpublic information, Maxtor enters into a confidentiality agreement with the person making the acquisition proposal on terms no less favorable to Maxtor than those specified in the confidentiality agreement between Maxtor and Seagate; and

Maxtor furnishes to Seagate a copy of any confidential data or information that it is furnishing to the party making the acquisition proposal.

For purposes of the merger agreement, the term acquisition proposal means any proposal for a merger, consolidation or other business combination involving Maxtor or any of its subsidiaries or any proposal or offer to acquire in any manner (including by tender or exchange offer, open market purchase, issuance by Maxtor or otherwise) more than 25% of the voting power in, or more than 25% of the business or assets of, Maxtor or any of its subsidiaries, other than the transactions contemplated by the merger agreement.

For purposes of the merger agreement, the term superior proposal means any bona fide written acquisition proposal which Maxtor s board of directors concludes in good faith to be more favorable from a financial point of view to its stockholders than the merger and the other transactions contemplated by the merger agreement:

after receiving the advice of Maxtor s financial advisor;

after taking into account the likelihood of consummation of such transaction on the terms set forth therein (as compared to, and with due regard for, the terms of the merger agreement); and

after taking into account all legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal and any other relevant factors permitted under applicable law.

However, for purposes of the definition of superior proposal, the references to more than 25% in the definition of acquisition proposal will be deemed to be references to a majority and the definition of acquisition proposal will refer only to a transaction directly involving Maxtor and not exclusively its subsidiaries.

Maxtor has also agreed to:

advise Seagate promptly (within one business day) following receipt of any acquisition proposal, or of any request for nonpublic information or access to the books and records of Maxtor in connection with a possible acquisition proposal, describing the substance thereof (including the identity of the person making such acquisition proposal or request for information or access);

keep Seagate apprised of the status and the material terms and conditions of the acquisition proposal and any material changes thereto on a current basis (and in any event no later than 48 hours after the occurrence of any such material changes); and

promptly (and in any event within 24 hours) notify Seagate orally and in writing if it determines to begin providing information or to engage in negotiations concerning an acquisition proposal.

Permitted Actions in Respect of a Superior Proposal

If, at any time prior to the adoption of the merger agreement by Maxtor stockholders, Maxtor receives an acquisition proposal and Maxtor s board of directors concludes in good faith that such acquisition proposal constitutes a superior proposal after giving effect to all of the adjustments that may be offered by Seagate, Maxtor s board of directors may withdraw, modify or qualify its recommendation that stockholders adopt the merger agreement and/or terminate the merger agreement to enter into a definitive agreement with respect to such superior proposal but only if:

Maxtor has complied in all material respects with its non-solicitation obligations described under No Solicitation of Alternative Transactions above;

Table of Contents

Maxtor s board of directors, after consultation with its outside counsel, determines in good faith that failure to take such action would reasonably be expected to result in a violation of its fiduciary duties under applicable law;

Maxtor notifies Seagate, at least five business days in advance, of its intention to take such action, which notice specifies the material terms and conditions of the superior proposal (including the identity of the person making such proposal) and provides to Seagate a copy of the relevant proposed transaction agreement and other material documents;

prior to taking such action, Maxtor negotiates, and causes its financial and legal advisors to negotiate, in good faith with Seagate (to the extent Seagate desires to negotiate) to make such adjustments in the terms and conditions of the merger agreement such that the acquisition proposal ceases to constitute a superior proposal; and

concurrently with termination of the merger agreement to enter into a definitive agreement with respect to such superior proposal, Maxtor pays to Seagate a termination fee of $53 million. See Termination of the Merger Agreement Termination Fees.

Agreement to Take Further Actions and to Use Best Efforts

Subject to the terms and condition of the merger agreement, each party has agreed to use its best efforts to take all actions and to do all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by the merger agreement, including making filings pursuant to the Hart-Scott-Rodino Act Antitrust Improvements Act of 1976, as amended, and under the antitrust laws of foreign jurisdictions for which similar filings are required. In addition, each party has agreed to cooperate and use its best efforts to (i) contest and resist any administrative or judicial action or proceeding instituted by a governmental entity or a private party challenging any of the transactions contemplated by the merger agreement and (ii) vigorously defend to judgment, if necessary, any action, whether judicial or administrative, in connection with the transaction contemplated by the merger agreement with the objective of permitting the merger to close as soon as practicable with the fewest conditions and restrictions reasonably possible.

Indemnification and Insurance

Seagate has agreed to cause the surviving company in the merger to indemnify and hold harmless all past and present officers and directors of Maxtor and its subsidiaries in their capacities as such against all losses, claims, damages, liabilities, costs, expenses, judgments, fines and amounts paid in settlement to the fullest extent such persons would be entitled to such indemnification under applicable law and the by-laws of Maxtor as in effect on the date of the merger agreement.

The merger agreement provides that Seagate will use its best efforts to cause the persons serving as officers and directors of Maxtor prior to the effective time of the merger to be covered for a period of six years after completion of the merger by Maxtor s current directors and officers liability insurance policies to the extent such persons are covered by such policies as of the effective time, or policies of at least the same coverage and amount and containing terms and conditions that are not in the aggregate less advantageous than the current policy or arrange for tail coverage for such six-year period under Maxtor s current directors and officers liability insurance policy, in each such case provided that the expense for such coverage for any one year will not be more than 200% of the annual premium currently paid by Maxtor for such insurance.

Employee No-Hire/Non-Solicit

Seagate and Maxtor have agreed, until the earlier of the closing of the merger and three months after the date the merger agreement is terminated in accordance with its terms and subject to certain limited exceptions, not to solicit the employment or consulting services of technical and/or management-level employees of the other

Table of Contents

party, or solicit the employment or consulting services of, or hire or employ or engage as a consultant, any of the executive officers, vice presidents, senior directors, executive directors or other key employees of the other party.

The merger agreement also contains covenants relating to cooperation in the preparation of this joint proxy statement/prospectus and additional agreements relating to, among other things, access to information, notice of specified matters and public announcements.

Conditions to Complete the Merger

Conditions to Both Parties Obligations. The obligations of Seagate and Maxtor to complete the merger are subject to the satisfaction or waiver of the following conditions:

- the adoption of the merger agreement by the Maxtor stockholders;
- the approval of the issuance of Seagate common shares in the merger by Seagate shareholders;
- the effectiveness of the registration statement with respect to the Seagate common shares to be issued in the merger under the Securities Act of 1933 and the absence of any stop order suspending the effectiveness of the registration statement or proceedings initiated or threatened by the Securities and Exchange Commission for that purpose;
- the obtaining of the approvals required to consummate the merger pursuant to the antitrust laws of the United States, the European Economic Area, Japan, Korea and Taiwan; and
- the absence of any judgment, order, injunction, law, rule, regulation or decree in any jurisdiction in which either Seagate or Maxtor have substantial revenues or operations preventing or making illegal the consummation of the merger on substantially the same terms and conferring on Seagate substantially all the rights and benefits contemplated by the merger agreement and the absence of any proceeding brought by any governmental entity located in any such jurisdiction seeking any of the foregoing with a likelihood of success that is not remote.

Additional Conditions to Seagate s Obligations. Seagate s obligation to complete the merger is further subject to the following conditions:

- Maxtor s representations and warranties in the merger agreement being true and correct in all material respects as of the date of the merger agreement and as of the closing date (except to the extent the representations and warranties speak to an earlier date), subject to the qualification that, for purposes of this condition, Maxtor s representations and warranties will generally be deemed to be true and correct in all material respects except where the failure to be so true and correct (i) results from the intentional misrepresentation by Maxtor as of the date of the merger agreement and (ii) individually or in the aggregate, results in a material adverse effect on Maxtor (disregarding any qualifications relating to materiality or material adverse effects in the representations and warranties);
- the performance and compliance by Maxtor in all material respects with the agreements and covenants contained in the merger agreement which are required to be performed or complied with at or prior to the closing of the merger, subject to the qualification that, for purposes of this condition, the covenants of Maxtor will generally be deemed to be performed or complied with in all material

respects except where the failure to so perform or comply is the result of an intentional breach by Maxtor.

Additional Conditions to Maxtor s Obligations. Maxtor s obligation to complete the merger is further subject to following conditions:

Seagate s representations and warranties in the merger agreement being true and correct in all respects as of the date of the merger agreement and as of the closing date (except to the extent the representations and warranties speak to an earlier date), subject to the qualification that, for purposes of this condition, Seagate s representations and warranties will generally be deemed to be true and correct in all material

Table of Contents

respects except where the failure to be so true and correct, individually or in the aggregate, results in a material adverse effect on Seagate (disregarding any qualifications relating to materiality or material adverse effects in the representations and warranties);

the performance and compliance by Seagate in all material respects with the agreements and covenants contained in the merger agreement which are required to be performed or complied with at or prior to the closing of the merger;

the absence of any fact, event, change, development, circumstance or effect since the date of the merger agreement which, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on Seagate and Maxtor (taken as a whole); and

the approval of the listing of Seagate common shares to be issued in the merger on the New York Stock Exchange, subject to official notice of issuance

Termination of the Merger Agreement

General

The merger agreement may be terminated at any time prior to the completion of the merger by mutual written consent of the parties, if authorized by each of their respective boards of directors, or by either Seagate or Maxtor if:

any governmental entity which must grant a requisite regulatory approval denies approval of the merger and such denial has become final and nonappealable;

any governmental entity located in a jurisdiction where either Seagate or Maxtor have substantial revenues or operations has issued an injunction, judgment or order or taken any other action prohibiting the merger and such injunction, judgment or order or other action has become final and nonappealable;

the merger is not completed on or before March 20, 2007;

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach (i) is not cured within 30 days of written notice of the breach or cannot by its nature be cured prior to March 20, 2007 and (ii) as a result of the breach, one or more of the relevant closing conditions are not capable of being satisfied prior to March 20, 2007, such that the terminating party would not be obligated to effect the merger (and the terminating party is not then in material breach of any representation, warranty, covenant or agreement contained in the merger agreement);

the adoption of the merger agreement has been put to a vote by the Maxtor stockholders and the Maxtor stockholders fail to adopt the merger agreement; or

the approval of the issuance of Seagate common shares in the merger has been put to a vote by the Seagate shareholders and the Seagate shareholders fail to approve such issuance.

The merger agreement may also be terminated by Seagate if:

- Maxtor has materially breached its non-solicitation obligations in any respect adverse to Seagate, or Maxtor s board has failed to recommend the merger to Maxtor stockholders or withdrawn, modified or changed in a manner adverse to Seagate its recommendation of the merger (or publicly disclosed its intention to withdraw, modify or adversely change its recommendation) or has breached its obligations to call, give notice of, convene and hold a meeting of Maxtor stockholders.

The merger agreement may also be terminated by Maxtor:

- in order for Maxtor to enter into a definitive agreement with respect to a superior proposal subject to compliance with the provisions of the merger agreement described under Permitted Action in Respect of a Superior Proposal above.

Table of Contents

Effect of Termination

In the event the merger agreement is terminated as described above, the merger agreement will become void and neither Seagate nor Maxtor will have any liability under the merger agreement, except that:

- except to the extent otherwise expressly provided in the merger agreement, both Seagate and Maxtor will remain liable for any willful breach of the merger agreement; and
- designated provisions of the merger agreement, including the payment of fees and expenses, the confidential treatment of information, and, if applicable, the termination fees described below, will survive the termination.

Termination Fees

The merger agreement provides that Maxtor will be required to pay a termination fee of $53 million to Seagate in the following circumstances:

- if Seagate terminates the merger agreement due to Maxtor s material breach of its non-solicitation obligations described under No Solicitation of Alternative Transactions, or Maxtor s board of directors failure to recommend the merger to Maxtor stockholders or withdrawal, modification or change in its recommendation of the merger in a manner adverse to Seagate or failure to call, give notice of, convene and hold a meeting of Maxtor stockholders;
- if Maxtor terminates the merger agreement prior to the adoption of the merger agreement by Maxtor stockholders in order to enter into a definitive agreement with respect to a superior proposal;
- if Maxtor terminates the merger agreement due to the failure of Maxtor stockholders to adopt the merger agreement at the Maxtor stockholders meeting if at the time of such termination Seagate has the right to terminate the merger agreement due to (i) Maxtor s board having failed to recommend the adoption of the merger agreement in this joint proxy statement/prospectus or having withdrawn or modified or changed in a manner adverse to Seagate its recommendation of the merger (or having publicly disclosed its intention to withdraw, modify or adversely change its recommendation), (ii) Maxtor materially breaching the nonsolicitation provisions in the merger agreement in a manner adverse to Seagate or (iii) Maxtor failing to call, give notice of or convene and hold the Maxtor annual meeting; or
- if either Seagate or Maxtor terminates the merger agreement due to the failure of Maxtor stockholders to adopt the merger agreement at the Maxtor stockholder meeting, and (i) an acquisition proposal has been publicly announced (or any person has publicly announced an intention to make an acquisition proposal) at any time prior to the Maxtor stockholder meeting, (ii) such acquisition proposal has not been absolutely and unconditionally withdrawn and abandoned more than 10 days prior to the Maxtor stockholder meeting, and (iii) Maxtor enters into a definitive agreement with respect to, or consummates, any acquisition proposal within 12 months after the termination of the merger agreement.

Seagate and Maxtor have agreed that payment in full of the termination fee constitutes full performance by Maxtor under the merger agreement with respect to termination of the merger agreement and is also Seagate s and Merger Sub s sole and exclusive remedy with respect to any breach by Maxtor of the merger agreement prior to the termination and that acceptance of the termination fee by Seagate will constitute a waiver by Seagate and Merger Sub of all other damages or remedies that might otherwise have been available to Seagate and Merger Sub.

In addition, Maxtor has agreed to pay to Seagate an amount equal to the fees and expenses actually incurred by Seagate in connection with the merger agreement through the date of termination if the merger agreement is terminated due to the failure of Maxtor stockholders to adopt the merger agreement at the Maxtor stockholder meeting under circumstances in which the termination fee would not be payable.

Table of Contents

The merger agreement provides that Seagate will be required to pay a reverse termination fee of $300 million to Maxtor in the following circumstances:

- if either Seagate or Maxtor terminates the merger agreement due to the final non-appealable denial of the merger by a governmental entity that must grant a requisite regulatory approval;

- if either Seagate or Maxtor terminates the merger agreement due to the issuance of an injunction, judgment or order or the taking of any other action that prohibits the consummation of the merger by any governmental entity in a jurisdiction where either Seagate or Maxtor has substantial revenues or operations and such injunction, judgment, order or other action is final and non-appealable and relates to antitrust law or any other regulatory matter; or

- if either Seagate or Maxtor terminates the merger agreement due to the failure to complete the merger on or before March 20, 2007, but only if at the time of such termination Maxtor stockholders have adopted the merger agreement unless the failure to adopt the merger agreement results from a breach by Seagate or Merger Sub of any of the covenants or agreements made by Seagate or Merger Sub in the merger agreement.

Maxtor and Seagate have agreed that payment in full of the reverse termination fee constitutes full performance by Seagate under the merger agreement with respect to termination of the merger agreement and is also Maxtor s sole and exclusive remedy with respect to any breach by Seagate or Merger Sub of the merger agreement prior to the termination and that acceptance of the termination fee by Maxtor will constitute a waiver by Maxtor of all other damages or remedies that might otherwise have been available to Maxtor. Seagate and Maxtor have also agreed that Maxtor will be deemed to irrevocably waive and forfeit any right to coll