Seagate Technology to Acquire Xyratex

Seagate

CUPERTINO, CA & HAVANT, England -- Seagate Technology, a storage solutions company, and Xyratex, a provider of data storage technology, have announced that they have entered into a definitive agreement under which Seagate will acquire all outstanding shares of Xyratex in an all-cash transaction valued at $13.25 per share, or a total of approximately $374 million, including approximately $80 million in cash on Xyratex's balance sheet as of August 31, 2013. The consideration represents a premium of approximately 27 percent per share over Xyratex's stock price at the close of trading on December 20, 2013.

Xyratex has developed a leading hard disk drive ("HDD") capital test equipment business. The acquisition of this business will further strengthen Seagate's vertically integrated supply and manufacturing chain for disk drives and ensure uninterrupted access to important capital equipment. The acquisition also expands Seagate's storage solutions portfolio by adding Xyratex's industry-leading enterprise data storage systems and high-performance computing business. Seagate will operate this business as a standalone entity and will focus on opportunities to improve and expand the business.

"This is a strategically important acquisition for Seagate as we continue to focus on delivering best-in-class storage solutions for our customers," said Dave Mosley, President of Operations and Technology at Seagate. "As the average capacity per drive increases to multi-terabytes, the time to test these drives increases dramatically. Therefore, access to world-class test equipment becomes an increasingly strategic capability. As a premier provider of HDD testing equipment, Xyratex is an important partner and we are excited to integrate these important capabilities which will considerably streamline our supply and manufacturing chain for our core HDD business. We are also pleased to acquire Xyratex's storage systems and high-performance computing business, which provides us additional opportunities to serve our customers with a broader array of storage solutions."

"Xyratex is very pleased to become a part of Seagate's industry-leading organization," said Ernie Sampias, Chief Executive Officer of Xyratex. "Seagate shares our commitment to innovation and the critical role that test plays in providing the best storage products at the lowest possible cost. After a thorough strategic review process in which we evaluated a wide range of alternatives, the Xyratex Board of Directors determined that this all-cash transaction with Seagate maximizes shareholder value through an attractive premium, and also affirms the significant value that our employees have created."

The transaction has been approved by Xyratex's Board of Directors and is subject to customary closing conditions, including review by regulatory bodies and approval by Xyratex shareholders. Baker Street Capital, Xyratex's largest shareholder, has agreed to vote its shares in favor of the transaction. The transaction is currently

expected to close in mid-calendar year 2014. Seagate expects to finance the transaction from existing cash balances and the transaction is not subject to any financing conditions.

Seagate currently expects the transaction to be neutral to Seagate's earnings per share in its fiscal year 2015. Seagate expects positive cash flow immediately following the transaction and expects revenue contribution to be between $500-$600 million in its fiscal year 2015.

Allen & Company LLC served as financial advisor and Wilson Sonsini Goodrich & Rosati served as primary legal advisor to Seagate in connection with the transaction. Credit Suisse served as financial advisor and Latham & Watkins LLP served as legal advisor to Xyratex.

About Seagate

Seagate is a hard disk drives and storage solutions provider.

About Xyratex

Xyratex is a provider of data storage technology, including modular solutions for the enterprise data storage industry and hard disk drive (HDD) capital equipment for the HDD industry. Xyratex enterprise data storage platforms provide a range of advanced, scalable data storage solutions for the original equipment manufacturer and high performance computing communities. As the largest capital equipment supplier to the HDD industry, Xyratex enables disk drive manufacturers and their component suppliers to meet today's technology and productivity requirements. Xyratex has over 25 years of experience in research and development relating to disk drives, storage systems and manufacturing process technology. Founded in 1994 in an MBO from IBM, and with headquarters in the United Kingdom, Xyratex has an established global base with R&D and operational facilities in North America, Asia and Europe.

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