

Seagate Technology  
Form PRE 14A  
August 24, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Seagate Technology**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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**SEAGATE TECHNOLOGY**

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**NOTICE OF 2009 ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON OCTOBER 28, 2009**

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Notice is hereby given that the 2009 Annual General Meeting of Shareholders of Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands, will be held at the Hilton Santa Cruz/Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California 95060 on Wednesday, October 28, 2009, at 11:00 am Pacific Daylight Time, to consider and vote upon the following items:

- (1) the election of 10 directors named in the attached proxy statement for terms expiring at the 2010 Annual General Meeting of Shareholders and until their successors are elected;
- (2) the approval of an increase in the common shares available for purchase under Seagate Technology's Employee Stock Purchase Plan in the amount of 10 million shares;
- (3) the approval of an employee stock option exchange program;
- (4) the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm of Seagate Technology for the fiscal year ending July 2, 2010; and
- (5) the transaction of any other business that may properly come before the meeting and any adjournment or postponement of the meeting.

Seagate Technology's Board of Directors has set September 4, 2009 as the record date for the 2009 Annual General Meeting. Only registered holders of Seagate Technology's common shares at the close of business on that date are entitled to receive notice of the meeting and to attend and vote at the meeting.

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 Technology's common shares.

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This year, we are pleased to continue to take advantage of rules recently adopted by the U.S. Securities & Exchange Commission allowing companies to furnish proxy materials over the Internet to their shareholders instead of mailing printed copies of those materials to each shareholder. On September 1, 2009, we mailed to our shareholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials, directing shareholders to a website where they may access our proxy materials, including our Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended July 3, 2009, and view instructions on how to vote online or by telephone. If you prefer to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via email unless you elect otherwise.

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THE PRESENCE AT THE MEETING, IN PERSON OR BY PROXY, OF ONE OR MORE SHAREHOLDERS WHO HOLD SHARES REPRESENTING NOT LESS THAN A MAJORITY OF THE ISSUED AND OUTSTANDING SHARES ENTITLED TO VOTE AT THE MEETING SHALL CONSTITUTE A QUORUM. IT IS IMPORTANT THAT YOUR SHARES BE VOTED AT THE MEETING. EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE BY FOLLOWING THE VOTING INSTRUCTIONS IN THE PROXY STATEMENT.

By Order of the Board of Directors,

Kenneth M. Massaroni  
*Senior Vice President, General  
Counsel and Corporate Secretary*

September , 2009

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**PROXY STATEMENT  
FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
OCTOBER 28, 2009**

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**GENERAL INFORMATION**

The Board of Directors (or "Board") of Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands, is soliciting your proxy for use at the 2009 Annual General Meeting of Shareholders, (the "2009 AGM"), to be held on Wednesday, October 28, 2009, at the Hilton Santa Cruz/Scotts Valley, 6001 La Madrona Drive, Santa Cruz, California 95060, at 11:00 am Pacific Daylight Time, and at any postponement or adjournment of the meeting. This proxy statement and related materials are first being made available to the shareholders of the Company on or about September 15, 2009. Our registered office is located in the Cayman Islands at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Seagate Technology's telephone number at that address is (345) 949-8066. Our U.S. executive offices are located at 920 Disc Drive, Scotts Valley, California 95066, and our telephone number at this address is (831) 438-6550. Our website address is [www.seagate.com](http://www.seagate.com). Information contained on, or accessible through, our website is not a part of this Proxy Statement.

References in this Proxy Statement to "we", "our", "Seagate", "us" and "the Company" are to Seagate Technology.

**Who Can Vote; Votes Per Share.** Our only outstanding class of voting securities is our common shares, par value \$0.00001 per share. All persons who are registered holders of our common shares at the close of business on September 4, 2009, the record date for the 2009 AGM, will be entitled to notice of, and to vote at, the 2009 AGM. As of the close of business on the record date there were \_\_\_\_\_ outstanding common shares.

These shareholders will be entitled to one vote per common share on all matters submitted to a vote of shareholders, so long as those shares are represented at the 2009 AGM in person or by proxy. Your shares will be represented if you attend and vote at the 2009 AGM or if you submit a proxy. Under Cayman Islands law, holders of our common shares do not have appraisal rights with respect to matters to be voted on at the 2009 AGM.

**Internet Availability of Proxy Materials.** This year, we are pleased to continue to take advantage of the rules recently adopted by the U.S. Securities & Exchange Commission (the "SEC") allowing companies to furnish proxy materials over the Internet to their shareholders ("e-Proxy delivery") instead of mailing printed copies of those materials to each shareholder. e-Proxy delivery expedites our shareholders' receipt of the proxy materials, lowers our printing and mailing costs, and reduces the environmental impact of providing printed information for our 2009 AGM.

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On September 1, 2009, we mailed to our shareholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials, directing shareholders to a website where they may access our proxy materials, including our Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended July 3, 2009, and view instructions on how to vote online.

If you prefer to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via email unless you elect otherwise.

**How to Vote; Submitting Your Proxy.** The Board recommends that you vote your shares "FOR" the election of the 10 nominees for director named in Proposal 1, "FOR" Proposal 2 to amend the Seagate Technology Employee Stock Purchase Plan ("ESPP"), "FOR" Proposal 3 to approve an employee stock option exchange plan, and "FOR" Proposal 4 to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of Seagate Technology for the fiscal year ending July 2, 2010. By completing and submitting your proxy, you are legally designating the individuals named in the proxy card Lydia M. Marshall and Kenneth M. Massaroni (the "Proxy Holders") to vote your shares in accordance with the instructions you have indicated on the proxy. If you sign and return your proxy but do not indicate how your shares are to be voted, then the Proxy Holders will vote as the Board recommends on each proposal. It is not expected that any additional matters will be brought before the 2009 AGM, but if other matters are properly presented at the 2009 AGM or any adjournment thereof, the Proxy Holders will vote your shares in their discretion on such matters.

**Shares Registered Directly in the Name of the Shareholder.** If you hold our common shares registered directly in your name in our register of shareholders, you may vote by Internet or telephone, by returning a signed proxy card or by voting in person at the 2009 AGM. Specific instructions for registered shareholders are set forth in the Notice of Internet Availability of Proxy Materials.

**Shares Registered in the Name of a Nominee.** If your shares are held in a stock brokerage account or by a broker, bank, or other nominee in "street name", you are considered the beneficial owner of those shares, and these proxy materials are being forwarded to you by your broker, bank, or nominee, who is the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. Your broker, bank, or nominee has enclosed or will send you a voting instruction form for you to use to direct how your shares should be voted. Many brokers or banks also offer voting by Internet or telephone. Please refer to your voting instruction form for instructions on the voting methods offered by your broker or bank. As a beneficial owner of common shares, you are also invited to attend the 2009 AGM. However, since you are not the shareholder of record, you may not vote those shares in person at the 2009 AGM unless you request and receive a valid proxy from your broker, bank, or nominee.

In order to be admitted to the 2009 AGM, you must bring a letter or account statement showing that you beneficially own the shares held by the broker, bank or nominee.

**Revoking Your Proxy.** If you hold shares registered directly in your name, you may revoke your proxy at any time before it is voted at the 2009 AGM, by: (1) sending a signed revocation thereof to Seagate Technology at 920 Disc Drive, Scotts Valley, California 95066, Attention: Corporate Secretary, which we must receive by 3:00 p.m., Pacific Daylight Time, on October 27, 2009; (2) submitting a later dated proxy, which we must receive by mail by 3:00 p.m., Pacific Daylight Time, on October 27, 2009, or online or by telephone by 11:59 p.m., Eastern Time, on October 27, 2009; or (3) voting your shares in person at the 2009 AGM. If your shares are registered in the name of a nominee, you must contact the nominee to revoke your proxy. Attending the 2009 AGM alone will not revoke any proxy.



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**Proxy Solicitation.** We will bear all costs and expenses of soliciting proxies from shareholders. We have retained a proxy solicitation firm, Morrow and Co., to aid us in the solicitation process. We will pay Morrow and Co. its customary fee, estimated to be \$10,000, plus reasonable out-of-pocket expenses incurred in the solicitation process. Seagate or its agent will distribute proxy materials to brokers, custodians, nominees, fiduciaries and other record holders and request that they forward materials to the beneficial owners and request authority for the exercise of proxies. In such cases, upon request, we will reimburse such record holders for their reasonable out-of-pocket expenses incurred in connection with the solicitation. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for any Internet access charges you may incur. Our directors, officers and selected other employees may also solicit proxies by telephone, facsimile, or e-mail or in person. No additional compensation will be paid to directors, officers, or other employees of Seagate for their services in soliciting proxies for the 2009 AGM.

**Quorum, Voting Requirements and Broker Non-Votes.** In order to establish a quorum at the 2009 AGM, there must be one or more shareholders present at the 2009 AGM, either in person or by proxy, holding shares representing not less than a majority of our issued and outstanding shares entitled to vote at the 2009 AGM. For purposes of determining a quorum, abstentions and broker "non-votes" are counted as represented. Generally, broker "non-votes" occur when shares held by a broker in "street name" for a beneficial owner are not voted with respect to a particular proposal because the broker (1) has not received voting instructions from the beneficial owner and (2) lacks discretionary voting power to vote those shares. A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the election of our directors and the ratification of the appointment of Ernst & Young LLP as independent auditors, without instructions from the beneficial owner of those shares. However, without instructions from the beneficial owner, a broker is not entitled to vote shares held for a beneficial owner on non-routine matters, including the approval of (1) the amendment of our ESPP to increase the aggregate number of shares authorized for issuance under the plan by 10 million shares and (2) a one-time stock option exchange program for employees (other than our executive officers subject to the restrictions under Section 16 of the Securities Exchange Act of 1934, as amended ("Executives"), and directors). Broker non-votes count for purposes of determining whether a quorum exists but do not count as entitled to vote with respect to individual proposals. Thus, if you do not give your broker specific voting instructions, your shares will not be voted on these matters and will not be counted in determining the number of shares necessary for approval.

With respect to Proposal 1, the affirmative vote of a majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM is necessary to approve the election of each of the director nominees. Any incumbent director who is not elected by a majority of the votes cast will continue as a "holdover" director under our Third Amended and Restated Articles of Association until his or her successor has been elected. Proposals 2, 3 and 4 require the affirmative vote of a majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM in order to be approved.

Abstentions and broker "non-votes" are not counted (except for quorum purposes) and will have no effect on the result of the vote on any proposal.

**Voting Procedures and Tabulation.** We have appointed a representative of Broadridge Financial Solutions, Inc. as the inspector of elections to act at the 2009 AGM and to make a written report thereof. Prior to the 2009 AGM, the inspector will sign an oath to perform his or her 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 2009 AGM 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.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated 10 nominees for election at the 2009 AGM. Our Board's nominees are Messrs. Luczo, Biondi, Bradley, and Marquardt, Ms. Marshall, Dr. Park, and Messrs. Pimentel, Reyes, Thompson and Zander.

Each of the Board's nominees is currently serving as a director of Seagate Technology.

Under our Third Amended and Restated Articles of Association, the Board may have not less than one or more than 15 members. The Board has determined that, until the 2009 AGM, the number of directors constituting the full Board shall be 11, and after the 2009 AGM the number of directors constituting the full Board shall be 10. The holders of common shares, voting as a class, have the right to elect all 10 members to the Board to serve until the 2010 AGM of Shareholders and until their respective successors are elected or until their office is otherwise earlier vacated.

It is currently anticipated that each of the nominees will be willing and able to serve as directors. However, if any nominee becomes unwilling or unable to serve as a director, then the Board will either propose a substitute nominee (and the Proxy Holders will vote for the appointment of the proposed nominee) or determine to reduce the size of the Board.

**Director Changes**

Stephen J. Luczo, formerly our non-employee Chairman of the Board, became our President, Chief Executive Officer ("CEO") and Chairman of the Board on January 12, 2009.

William D. Watkins, our former CEO, ceased to be our CEO on January 12, 2009, and resigned from the Board on February 4, 2009.

Albert A. Pimentel joined the Board and the Audit Committee on March 3, 2009 and the Strategic and Financial Transactions Committee on April 13, 2009, and became Chairman of the Audit Committee on August 19, 2009.

Edward J. Zander joined the Board on March 5, 2009, and the Compensation Committee on April 29, 2009.

On July 27, 2009, Donald E. Kiernan notified the Board that he would not stand for reelection at the 2009 AGM. Mr. Kiernan continued to serve as the Chairman of the Audit Committee until August 19, 2009, when our Annual Report on Form 10-K for fiscal year 2009 was completed, at which time Mr. Pimentel assumed the role of Chairman of the Audit Committee. Mr. Kiernan will continue to serve as a member of the Audit Committee until the expiration of his term as a director on October 28, 2009.

**Nominees for Election as Directors**

Detailed information about our director nominees is provided below. There is no family relationship between any of the nominees, directors or our executive officers nor are any of our directors or executive officers party to any legal proceedings adverse to us.

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#### **Stephen J. Luczo**

52 years old  
Chairman, President and Chief  
Executive Officer  
Director since November 2000

Mr. Luczo has served as President and CEO since January 2009, and continues to serve as Chairman of the Board. Mr. Luczo joined Seagate in October 1993 as Senior Vice President of Corporate Development. In September 1997, he was promoted to President and Chief Operating Officer ("COO") of our predecessor, Seagate Technology, Inc. and, in July 1998, he was promoted to CEO at which time he joined the Board of Directors. He was appointed Chairman of the Board in 2002. Mr. Luczo resigned as CEO effective as of July 3, 2004, but retained his position as Chairman of the Board. He served as non-employee Chairman from October 2006 to January 2009. From October 2006 until he re-joined us as an Executive in January 2009, Mr. Luczo was a private investor. Prior to joining Seagate in 1993, Mr. Luczo was Senior Managing Director of the Global Technology Group of Bear, Stearns & Co. Inc., an investment banking firm, from February 1992 to October 1993.

#### **Frank J. Biondi, Jr.**

64 years old  
Director since December 2005

Mr. Biondi is Senior Managing Director of WaterView Advisors LLC, a private equity fund specializing in media, a position he has held since June 1999. He was Chairman and CEO of Universal Studios from April 1996 through November 1998. Mr. Biondi previously served as President and CEO of Viacom, Inc. from July 1987 through January 1996, and was a member of the Viacom Board of Directors. Prior to joining Viacom, Mr. Biondi was Chairman and CEO of Coca-Cola Television from November 1986. In addition, he was Executive Vice President of the Entertainment Business Sector of the Coca-Cola Company, and of its predecessor company, Columbia Pictures Industries, Inc., from January 1985 to July 1987. Mr. Biondi currently serves on the Boards of Directors of Amgen, Inc., Hasbro, Inc., Cablevision Systems, and Yahoo!, Inc.

#### **William W. Bradley**

66 years old  
Director since July 2003

Senator Bradley is a Managing Director of Allen & Company LLC, a position he has held since November 2000. Senator Bradley served as chief outside advisor to McKinsey & Company's non-profit practice from 2001 to 2004. From 1997 to 1999, he was a Senior Advisor and Vice Chairman of the International Council of J.P. Morgan & Co., Inc. During that time, he also served as an essayist for CBS Evening News and was a visiting professor at Stanford University, the University of Notre Dame and the University of Maryland. Senator Bradley served in the U.S. Senate from 1979 to 1997, representing the State of New Jersey. In 2000, he was a candidate for the Democratic nomination for President of the United States. He is also a member of the Boards of Directors of Starbucks Corporation and Willis Group Holdings Limited.

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**David F. Marquardt**

60 years old

Director since November 2000

Mr. Marquardt is a founding general partner of August Capital, a venture capital firm formed in 1995, and has been a general partner of Technology Venture Investors, a private venture capital firm, since August 1980. He is a member of the Boards of Directors of Microsoft Corporation and various private companies.

**Lydia M. Marshall**

60 years old

Director since April 2004

Ms. Marshall is retired from Versura, Inc., an education loan exchange company that she founded. She served as Chair and CEO of Versura, Inc. from 1999 until 2004. Previously, she was Managing Director of Rockport Capital Incorporated from 1997 to 1999, Executive Vice President-Marketing of Sallie Mae from 1993 to 1997, and Senior Vice President heading Sallie Mae's Institutional and Public Finance and Strategic Planning Divisions from 1985 to 1993. Ms. Marshall is a member of the Board of Directors of Nationwide Mutual Insurance Company.

**C.S. Park**

61 years old

Director since May 2006

Prior to joining Seagate's Board, Dr. Park served as Chairman and CEO of Maxtor Corporation ("Maxtor") from November 2004 until May 19, 2006, as Chairman of Maxtor's Board of Directors from May 1998 until May 19, 2006, and served as a member of its Board from February 1994 to May 19, 2006. Maxtor was acquired by Seagate in May 2006. Dr. Park has been a private investor and advisor since May 2006. Dr. Park served as Investment Partner and Senior Advisor at H&Q Asia Pacific, a private equity firm, from April 2004 until September 2004, and as a Managing Director for the firm from November 2002 to March 2004. Prior to joining H&Q Asia Pacific, Dr. Park served as President and CEO of Hynix Semiconductor Inc. from March 2000 to May 2002, and from June 2000 to May 2002 he also served as its Chairman. Dr. Park is a member of the Boards of Directors of SMART Modular Technologies Inc., Ballard Power Systems, Inc., Computer Sciences Corporation and Brooks Automation, Inc.

**Albert A. (Rocky) Pimentel**

54 years old

Director since March 2009

Mr. Pimentel is COO and Chief Financial Officer ("CFO") at McAfee, Inc., a position he has held since May 2008. Mr. Pimentel served as the Executive Vice President and Chief Financial Officer of Glu Mobile from September 2004 to May 2008. Prior to joining Glu Mobile, Mr. Pimentel served as Executive Vice President and Chief Financial Officer at Zone Labs from September 2003 to April 2004, which was acquired by Check Point Software in 2003. From January 2001 to June 2003, Mr. Pimentel was a partner with Redpoint Ventures. Pimentel also held the positions of Senior Vice President and Chief Financial Officer of WebTV Networks, which was acquired by Microsoft in 1997, from November 1996 until January 2001, Senior Vice President and Chief Financial Officer of LSI Logic Corporation from July 1992 to October 31, 1996 and was part of the founding management team of Conner Peripherals, Inc., which was acquired by Seagate in 1996.

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#### **Gregorio Reyes**

68 years old

Director since April 2004

Mr. Reyes has been a private investor and management consultant since 1994. Mr. Reyes began his career in the semiconductor industry with National Semiconductor Corporation in 1962, followed by executive positions with Motorola, Inc., Fairchild Semiconductor and Eaton Corporation. From 1981 to 1984, he was President and CEO of National Micronetics, Inc., a provider of hard disc magnetic recording head products for the data storage industry. Between 1986 and 1990, he was Chairman and CEO of American Semiconductor Equipment Technologies. Mr. Reyes co-founded Sunward Technologies in 1985 and served as its non-executive Chairman from 1985 to 1990, and its Chairman and CEO from 1990 until 1994. Mr. Reyes currently serves as non-executive Chairman of LSI Logic Corp., and Chairman of the Board of Dialog Semiconductor plc.

#### **John W. Thompson**

60 years old

Director since November 2000

Mr. Thompson is Chairman of the Board of Directors of Symantec Corporation. In April 2009, he retired from his role as CEO of Symantec. Before joining Symantec in April 1999, Mr. Thompson held various executive and management positions with IBM from 1971. Mr. Thompson is also a member of the Board of Directors of United Parcel Service, Inc.

#### **Edward J. Zander**

62 years old

Director since March 2009

Mr. Zander served as Chairman and CEO of Motorola from January 2004 until January 2008, when he resigned as CEO and continued as Chairman. He resigned as Chairman in May 2008. Prior to joining Motorola, Mr. Zander was a managing director of Silver Lake Partners, a leading private equity fund focused on investments in technology industries from July 2003 to December 2003. Mr. Zander was President and COO of Sun Microsystems Inc., a leading provider of hardware, software and services for networks, from January 1998 until June 2002. Mr. Zander is also a member of the Boards of Directors of Netezza Corporation and NetSuite, Inc. He previously served on the Board of Seagate from November 2002 to October 2004.

#### **Vote Required; Recommendation of the Board**

The affirmative vote of a majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM is necessary to approve the election of each of the director nominees.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "**FOR**" THE ELECTION OF EACH OF THE TEN (10) NOMINEES LISTED ABOVE.

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**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines.** Our Board is committed to using sound corporate governance practices to help fulfill its responsibilities to our shareholders, and has adopted and disclosed corporate governance guidelines to clarify how it exercises its responsibilities. The Corporate Governance Guidelines are summarized below, and are also available on the Corporate Governance section of our website at [http://www.seagate.com/www/en-us/about/investor\\_relations/corporate\\_governance/](http://www.seagate.com/www/en-us/about/investor_relations/corporate_governance/). You may also request a copy in print from: Investor Relations, Seagate Technology, 920 Disc Drive, Scotts Valley, California 95066.

The Nominating and Corporate Governance Committee is responsible for overseeing the Corporate Governance Guidelines, and reviews the Guidelines at least annually and makes recommendations to the Board concerning corporate governance matters. The Board may amend any of the Corporate Governance Guidelines at any time, with or without public notice, as it determines necessary or appropriate in the exercise of the Board's judgment or fiduciary duties.

Among other matters, the Corporate Governance Guidelines include the following items concerning the Board:

The Board believes that there should be a substantial majority of independent directors on the Board.

All directors stand for election every year.

The Board does not have a mandatory retirement age for directors and, because the Nominating and Corporate Governance Committee annually evaluates director nominees for the following year, the Board has decided not to adopt arbitrary term limits for its directors.

Directors with significant job changes are required to submit an offer of resignation from the Board to the Nominating and Corporate Governance Committee, which then evaluates whether the individual continues to satisfy the Board's membership criteria in light of his or her new occupational status, and makes a recommendation to the Board for its decision whether or not to accept the director's resignation.

Non-management directors are limited to service on four public company boards, in addition to service on the Company's Board. Our CEO is limited to service on one public company board, in addition to service on our Board.

The Board generally believes that the offices of Chairman and CEO should be held by separate persons, to aid in the oversight of management, unless it is in the best interests of the Company that the same person holds both offices. On January 12, 2009, William Watkins ceased being CEO, and our Chairman, Stephen Luczo, was appointed as President and CEO. Notwithstanding the Board's general policy, in light of the transition to new management, the Board believes that the interests of the Company are currently best served by Mr. Luczo holding the offices of both Chairman and CEO.

The Chair of the Nominating and Corporate Governance Committee, currently Lydia Marshall, has been appointed to serve as the Lead Independent Director. The Lead Independent Director coordinates the activities of the other non-management directors, presides over meetings of the Board at which the Chairman of the Board is not present and each executive session of independent directors, serves as liaison between the Chairman of the Board and the independent directors, approves meeting schedules and agendas for the Board, has authority to call meetings of the independent directors, and is available for consultation and direct communication if requested by major shareholders.

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We require that each non-management director establish and maintain ownership of a minimum of 10,000 shares of the Company's stock within the timeframes described in this Proxy Statement under the heading "Compensation of Directors".

The Board has regularly scheduled presentations from finance, sales and marketing, and our major business functions and operations.

At least annually, the Board evaluates the performance of the CEO. For a discussion on the relationship between performance and compensation, please see the Compensation Discussion & Analysis (the "CD&A"), set forth in this Proxy Statement.

The Nominating and Corporate Governance Committee manages a process whereby the Board and its committees are subject to annual evaluation and self-assessment.

In addition, the Board's annual agenda includes reviewing the long term strategic planning, risk management, and succession planning. The Board also receives a report, at least annually, from management on succession planning and management development, and annually reviews the performance of senior management.

Our Board works with management to schedule orientation programs and continuing education programs for directors. The orientation programs are designed to familiarize new directors with our businesses, strategies, and challenges, and to assist directors in developing and maintaining the skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for directors may include a mix of in-house and third-party presentations and programs.

***Board Meetings, Committees and Attendance.*** The Board meets regularly during the year and holds special meetings and acts by unanimous written consent whenever circumstances require. During fiscal year 2009, the Board held nine meetings. All directors attended at least 75 percent of the aggregate of the meetings of the Board and of the committees of which they were members.

All directors who were serving at the time of the Company's 2008 Annual General Meeting of Shareholders attended the Annual General Meeting, with the exception of Senator Bradley, who was out of the country for a long-standing engagement at the time of the meeting.

The Board has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Strategic and Financial Transactions Committee. The

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committees are responsible to the full Board. The table below provides the current membership for each of the committees, and the number of meetings held by the committees during fiscal year 2009.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Strategic and Financial Transactions Committee
Stephen J. Luczo				
Frank J. Biondi	X	X		
William W. Bradley			X	
Donald E. Kiernan <sup>(1)</sup>	X			
David F. Marquardt			X	X
Lydia M. Marshall <sup>(2)</sup>	X		XC	
C.S. Park				XC
Albert A. Pimentel <sup>(3)</sup>	XC			X
Gregorio Reyes	X			X
John W. Thompson		XC		
Edward J. Zander <sup>(4)</sup>		X	X	
Number of Meetings in FY2009	11	7	5	4

C

= Chair of the committee

(1)

Mr. Kiernan notified the Board on July 27, 2009 that he would not stand for re-election at the 2009 AGM. Mr. Kiernan continued to serve as the Chairman of the Audit Committee until August 19, 2009, when our Annual Report on Form 10-K for fiscal year 2009 was completed, at which time Mr. Pimentel assumed the role of Chairman of the Audit Committee. Mr. Kiernan will continue to serve as a member of the Audit Committee until the expiration of his term as a director on October 28, 2009.

(2)

Ms. Marshall also serves as the Lead Independent Director of the Board.

(3)

Mr. Pimentel joined the Board and the Audit Committee on March 3, 2009 and the Strategic and Financial Transactions Committee on April 13, 2009. Mr. Pimentel became Chairman of the Audit Committee on August 19, 2009.

(4)

Mr. Zander joined the Board on March 5, 2009, and the Compensation Committee on April 29, 2009.

The functions performed by these committees, which are set forth in more detail in their respective charters, are summarized below. Please visit the Corporate Governance section of our investor relations website at

[http://www.seagate.com/www/en-us/about/investor\\_relations/corporate\\_governance/board\\_structure/](http://www.seagate.com/www/en-us/about/investor_relations/corporate_governance/board_structure/), where the charters of each of the Board committees are available. You may also request a copy in print from: Investor Relations, Seagate Technology, 920 Disc Drive, Scotts Valley, California 95066.

The Board has determined that each of the directors serving on the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee satisfy the applicable NASDAQ Global Select Market ("NASDAQ") and SEC standards for independence, as discussed in more detail under the heading "Director Independence" below.

**Audit Committee.** The Audit Committee represents and assists the Board in fulfilling its oversight responsibilities relating to the Company's financial statements and financial reporting process, the qualifications, independence and performance of the Company's independent registered public accounting firm, the performance of the Company's internal audit function, and the Company's compliance with legal and regulatory requirements. The Board has determined that Mr. Pimentel is an audit committee financial expert, as defined by Item 407(d)(5)(i) of Regulation S-K of the Securities Exchange Act of 1934, as





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amended, and that all members of the committee meet the applicable NASDAQ and SEC standards for membership of the Audit Committee, as discussed under the heading "Director Independence" below.

**Compensation Committee.** The Compensation Committee reviews and establishes compensation of the Company's executive officers and non-management board members, evaluates the Company's programs and practices relating to leadership development, and oversees the administration of the Company's stock-based and certain other compensation plans, all with a view toward maximizing long-term shareholder value. The Compensation Committee may engage outside compensation consultants, and engaged Frederick W. Cook ("**F.W. Cook**") in fiscal year 2009 to advise it with respect to executive compensation and related matters. Additional information on the Compensation Committee's processes and procedures for considering and determining executive compensation, as well as the services provided by F.W. Cook, is contained in the CD&A section of this Proxy Statement.

**Nominating and Corporate Governance Committee.** The Nominating and Corporate Governance Committee reviews and assesses the composition of the Board, assists in identifying potential new candidates for director, recommends candidates for election as director, and provides a leadership role with respect to corporate governance of the Company.

The Nominating and Corporate Governance Committee considers candidates for director who are recommended by its members, by other Board members, by shareholders and by management, as well as those identified by any third party search firms retained by the Company to assist in identifying and evaluating possible candidates. The Nominating and Corporate Governance Committee evaluates director candidates recommended by shareholders in the same way that it evaluates candidates recommended by its members, other members of the Board, or other persons. The Nominating and Corporate Governance Committee considers all aspects of a candidate's qualifications in the context of the needs of the Company at that point in time with a view to creating a Board with a diversity of experience and perspectives. Among the qualifications, qualities and skills of a candidate considered important by the Nominating and Corporate Governance Committee are a commitment to representing the long-term interests of the shareholders; an inquisitive and objective perspective; the willingness to take appropriate risks; leadership ability; personal and professional ethics; integrity and values; practical wisdom and sound judgment; and business and professional experience.

Consideration of new directors typically involves a series of internal discussions, review of information concerning candidates, and interviews with selected candidates. Our Chairman, President and CEO, Mr. Luczo, first suggested Messrs. Pimentel and Zander as prospective Board candidates, who were then evaluated by the Nominating and Corporate Governance Committee according to its practice described above.

Shareholders wishing to submit recommendations for director candidates to the Nominating and Corporate Governance Committee must provide the following information in writing to the attention of the Secretary of the Company by certified or registered mail:

the name, address, and biography of the candidate, and an indication of whether the candidate has expressed a willingness to serve;

the name, address, and phone number of the shareholder or group of shareholders making the recommendation; and

the number of shares of common stock beneficially owned by the shareholder or group of shareholders making the recommendation, the length of time held, and to the extent any shareholder is not a registered holder of such securities, proof of such ownership.

**Strategic and Financial Transactions Committee.** The Strategic and Financial Transactions Committee evaluates and authorizes management to enter into potential strategic or financial transactions in amounts of more than \$25 million and up to \$100 million individually (transactions of \$25 million or less being

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within the CEO's discretion) that we may have the opportunity to participate in from time to time. The Strategic and Financial Transactions Committee will review transactions over \$100 million and make recommendations to the full Board. In addition, this committee oversees the Company's enterprise risk management, including its major financial and operational risks, and the Company's capital structure.

**Executive Sessions of the Independent Directors and Lead Independent Director.** Our independent directors meet without management present at each regularly scheduled Board meeting. If the Board convenes a special meeting, the independent directors will meet in executive session if circumstances warrant. The Chairman of the Nominating and Corporate Governance Committee serves as the Lead Independent Director, and is currently Ms. Marshall. Ms. Marshall has served in this role since October 2006. The Lead Independent Director presides over the executive sessions, and leads the annual Board self-assessment and conducts interviews to confirm the continued qualification and willingness to serve of each director prior to the time at which directors are nominated for re-election at the annual general meeting.

During fiscal year 2009, the independent directors met in executive session six times.

**Director Independence.** Our Board currently includes ten independent directors, nine of whom are standing for election at the 2009 AGM. (As discussed above, Mr. Kiernan notified the Board on July 27, 2009 that he would not stand for reelection at the Company's 2009 AGM.) To be considered independent under the NASDAQ listing standards, a director may not be employed by the Company or engage in specified types of business dealings with the Company. In addition, as required by NASDAQ listing standards, the Board must determine, as to each independent director, that no relationship exists which, in the opinion of the Board, would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board reviews and discusses information provided by the directors and by the Company with regard to each director's business and personal activities as they relate to the Company and the Company's management.

In assessing director independence the Nominating and Governance Committee and the full Board review relevant transactions, relationships and arrangements that may affect the independence of our Board members. The Board has made the determination that transactions or relationships between Seagate and an entity where a director serves as a non-management director and/or is the beneficial owner, directly or indirectly, of less than 10% of the entity, or where a director serves on a non-management advisory board of, or in a non-employee advisory capacity to, such entity are presumed immaterial for the purposes of assessing a director's independence.

The Board considered the following relationships:

During fiscal year 2009, Mr. Thompson was an executive officer of Symantec Corporation with which the Company conducts business in the ordinary course. Payments that the Company made to, or received from, Symantec for property or services in the current and each of the last three fiscal years did not exceed 1% of the Company's or Symantec's consolidated gross revenues and therefore, fell significantly below the 5% threshold in the NASDAQ independence standards;

Seagate's investment in Unity Semiconductor Corporation, a company in which August Capital III, LP and its affiliates (collectively, "August Capital") and Seagate have an investment of approximately 27.3% and 19.9% respectively. As a member of the general partner of August Capital, Mr. Marquardt has a personal, indirect capital interest of less than 1% of the shares of Unity Semiconductor Corporation owned by August Capital, and he disclaims beneficial ownership of the shares held by August Capital except to the extent of his individual pecuniary interest therein; and

Seagate's investment in SandForce, Inc., a company in which Seagate has an ownership interest of approximately 5.5%, and from which Seagate purchased approximately \$4 million in product and services in 2009, and where Dr. Park serves as an outside director.

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Following the review of these transactions, the information provided by the directors and the Company to the Board, and other relevant standards, the Board determined that each of Messrs. Biondi, Bradley, Kiernan, Marquardt, Pimentel, Reyes, Thompson, Zander, Ms. Marshall, and Dr. Park is an independent director under the NASDAQ rules. The Board has also determined the members of the Audit Committee are independent under Rule 10A-3 under the Securities and Exchange Act of 1934, as amended. Mr. Luczo is an employee of the Company, and therefore is not considered independent.

**Shareholder Communications with the Board.** The Annual General Meeting of Shareholders provides an opportunity each year for the shareholders to ask questions of, or otherwise communicate directly with, members of the Board on matters relevant to Seagate. In addition, shareholders and other interested parties may communicate with any or all of our directors, including the Lead Independent Director and/or the non-management or independent directors as a group, by transmitting correspondence to the director(s) by mail or by facsimile as follows:

c/o Corporate Secretary  
Seagate Technology  
920 Disc Drive  
Scotts Valley, CA 95066  
Fax: (831) 438-6675

The Corporate Secretary shall transmit as soon as practicable such communications to the identified director addressee(s), unless there are legal or other considerations that mitigate against further transmission of the communication, as determined by the Corporate Secretary. In that regard, certain items that are unrelated to the duties and responsibilities of the Board will not be forwarded by the Corporate Secretary, such as business solicitations or advertisements, junk mail and mass mailings, new product suggestions, product complaints, product inquiries, resumes and other forms of job inquiries, spam, and surveys. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded; however, the Board or individual directors so addressed shall be advised of any communication withheld as soon as practicable.

**Code of Business Conduct and Ethics.** The Board has adopted a Code of Business Conduct and Ethics that is applicable to all of our directors, officers and employees, including our CEO, CFO, and Principal Accounting Officer. Our Code of Business Conduct and Ethics is available through our website at [http://www.seagate.com/www/en-us/about/global\\_citizenship/work\\_environment/code\\_of\\_business\\_conduct\\_and\\_ethics/](http://www.seagate.com/www/en-us/about/global_citizenship/work_environment/code_of_business_conduct_and_ethics/), or in print to any shareholder who requests it from: Investor Relations, Seagate Technology, 920 Disc Drive, Scotts Valley, California 95066.

**Share Ownership Guidelines.** Members of the Board are subject to the director share ownership requirements contained in our Corporate Governance Guidelines, to more closely link directors' interests with those of our shareholders. Under the guidelines, each non-management director serving on September 27, 2006, must own at least 10,000 common shares of Seagate Technology by December 31, 2008. Non-management directors elected or appointed after September 27, 2006 have three years from the date of election or appointment to achieve the ownership requirement. Exceptions may be requested in the event of hardship. All of our directors are in compliance with the share ownership guidelines.

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For fiscal year 2009, we compensated our non-management directors with an annual cash retainer of \$50,000 for Board service, reduced by 15% to \$42,500 on January 29, 2009, in connection with the Company's overall cost reduction strategy. Non-management members of our Board committees and the Chairman of the Board, if he or she is not a member of management of the Company, also receive an additional annual retainer in lieu of meeting payments. For fiscal year 2009, these retainer amounts were as follows:

<b>Board or Board Committee</b>	<b>Membership</b>	<b>Retainer</b>	<b>Retainer with 15% reduction<sup>(1)</sup></b>
Board of Directors	Chairperson	\$ 150,000	\$ 127,500
	Member	\$ 50,000	\$ 42,500
Audit Committee	Chairperson		
		\$ 50,000	\$ 42,500
Compensation Committee	Member	\$ 25,000	\$ 21,250
	Chairperson		
Nominating and Corporate Governance Committee		\$ 20,000	\$ 17,000
	Member	\$ 10,000	\$ 8,500
Strategic and Financial Transactions Committee	Chairperson		
		\$ 20,000	\$ 17,000
Lead Independent Director	Member	\$ 10,000	\$ 8,500
		\$ 15,000	\$ 12,750

(1)

On January 29, 2009, in connection with the Company's overall cost reduction strategy the Board reduced the cash compensation for Board and committee service by 15%. This column represents the retainers after this reduction.

Upon joining our Board, each new non-management director receives an option to purchase 55,000 of our common shares with an exercise price equal to the fair market value of the common shares on the grant date and an award of 15,000 restricted shares, unless the new director is an officer or director of an entity whose stock, assets and/or business are acquired by Seagate. In such circumstances, the grant of equity awards is determined by the existing members of the Board, not to exceed the value of 55,000 option awards and 15,000 restricted share awards. The fair market value for option awards is determined by calculating the average of the high and low stock price reported by the NASDAQ on the grant date. These equity awards generally vest over four years from the date of grant. Upon re-election to the Board each year, each non-management director who has served on the Board at least six months before re-election receives an option to purchase 10,000 of our common shares with an exercise price equal to the fair market value of the common shares as of the date of grant and also receives a share award of 5,000 restricted shares. These awards vest over four years from the vesting commencement date (generally a date occurring during the month in which the Annual General Meeting of Shareholders occurs).

In addition to the annual director compensation and committee retainers, all members of the Board are reimbursed for their reasonable out-of-pocket travel expenses incurred in attending meetings of the Board and its committees; no additional compensation is provided for attending Board or committee meetings. Board members are eligible to participate in the Company's Nonqualified Deferred Compensation Plan the Seagate Deferred Compensation Plan (the "SDCP"). For a description of the plan, see "Compensation Discussion and Analysis Benefits and Other Perquisites Nonqualified Deferred Compensation Plan" elsewhere in this Proxy Statement.

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**Director Compensation for Fiscal Year 2009**

The table below summarizes the compensation paid to our non-management directors for the fiscal year ended July 3, 2009.

	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>1</sup> )	Option Awards \$( <sup>1</sup> )	Total (\$)
Frank J. Biondi, Jr.	69,375	38,982	229,430	337,787
William W. Bradley	55,500	38,982	93,770	188,252
Donald E. Kiernan	98,875	38,982	93,770	231,627
David F. Marquardt	57,625	38,982	93,770	190,377
Lydia M. Marshall <sup>(2)</sup>	101,750	38,982	93,770	234,502
C.S. Park	50,875	38,982	75,246	165,103
Albert A. Pimentel	18,062	4,616	5,118	27,796
Gregorio Reyes	66,125	38,982	93,770	198,877
John W. Thompson	64,750	38,982	93,770	197,502
Edward J. Zander	12,750	4,263	4,613	21,626

(1) The amounts shown represents the applicable portion of the grant date fair value of restricted share awards and stock options granted in fiscal year 2009 and in prior years recognized as compensation expense, for financial reporting purposes, for fiscal year 2009 pursuant to the provisions of Statement of Financial Accounting Standards No. 123R, *Share-based Payments* ("SFAS No. 123R"). Such amounts do not represent amounts paid to or realized by the non-employee director. See Note 10 of the Notes to Consolidated Financial Statements in Seagate's Annual Report on Form 10-K for the year ended July 3, 2009 regarding assumptions underlying valuation of equity awards. Additional information regarding the stock options and restricted shares held by each director is set forth in the table below.

Director	Number of Restricted Shares Granted in Fiscal Year 2009 <sup>(a)</sup>	Aggregate Grant Date Fair Value of Restricted Shares Granted in Fiscal Year 2009 (\$)	Aggregate Number of Restricted Shares held as of 7/3/09	Number of Option Shares Granted in Fiscal Year 2009 <sup>(a)</sup>	Aggregate Grant Date Fair Value of Option Shares Granted in Fiscal Year 2009 (\$)	Aggregate Number of Option Shares held as of 7/3/09
Frank J. Biondi, Jr.	5,000	32,625	8,750	10,000	10,798	145,000
William W. Bradley	5,000	32,625	8,750	10,000	10,798	195,000
Donald E. Kiernan	5,000	32,625	8,750	10,000	10,798	210,000
David F. Marquardt	5,000	32,625	8,750	10,000	10,798	120,000
Lydia M. Marshall	5,000	32,625	8,750	10,000	10,798	185,000
C.S. Park	5,000	32,625	8,750	10,000	10,798	159,963
Albert A. Pimentel <sup>(b)</sup>	15,000	57,675	15,000	55,000	63,949	55,000
Gregorio Reyes	5,000	32,625	8,750	10,000	10,798	145,000
John W. Thompson	5,000	32,625	8,750	10,000	10,798	120,000
Edward J. Zander <sup>(c)</sup>	15,000	54,150	15,000	55,000	58,603	55,000

(a) On October 30, 2008, each non-employee director then serving was granted 5,000 restricted shares and an option to purchase 10,000 shares. The grant date fair value of \$6.53 per share for the restricted share awards was calculated using the average of the high and low stock price, \$6.75 and \$6.30, respectively, as reported on the NASDAQ on October 30, 2008. The closing sale price on the NASDAQ on October 30, 2008 was \$6.51 per share. The grant date fair value of the options was determined to be \$1.08 per share as calculated pursuant to SFAS No. 123R.

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(b)

Mr. Pimentel joined the Board as a director on March 3, 2009, and became a member of the Audit Committee on March 3, 2009 and a member of the Strategic and Financial Transactions Committee on April 13, 2009. On March 3, 2009, Mr. Pimentel was granted 15,000 restricted shares and an option to purchase 55,000 shares. The grant date fair value of \$3.85 per share for the restricted share award was calculated using the average of the high and low stock price, \$4.05 and \$3.64, respectively, as reported on the NASDAQ on March 3, 2009. The closing sale price on the

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NASDAQ on March 3, 2009 was \$3.76 per share. The grant date fair value of the options was determined to be \$1.16 per share as calculated pursuant to SFAS No. 123R.

(c)

Mr. Zander joined the Board as a director on March 5, 2009, and became a member of the Compensation Committee on April 29, 2009. On March 5, 2009, Mr. Zander was granted 15,000 restricted shares and an option to purchase 55,000 shares. The grant date fair value of \$3.61 per share for the restricted share award was calculated using the average of the high and low stock price, \$3.84 and \$3.38, respectively, as reported on the NASDAQ on March 5, 2009. The closing sale price on the NASDAQ on March 5, 2009 was \$3.42 per share. The grant date fair value of the options was determined to be \$1.07 per share as calculated utilizing the provisions of SFAS No. 123R.

(2)

Ms. Marshall serves as the Lead Independent Director for the Board.



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AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth information regarding the beneficial ownership of our outstanding common shares on August 17, 2009, except as noted below, by (1) each person who is known by us to beneficially own more than five percent of our outstanding voting power, (2) each director, director nominee, and named executive officer ("NEO") and (3) all of our directors, director nominees and Executives as a group. We have determined beneficial ownership in accordance with the rules of the SEC. To our knowledge, unless it is otherwise stated in the footnotes, each person listed below has sole voting and investment power with respect to his or her shares beneficially owned, subject to applicable community property laws. For purposes of the table below, a person or group of persons is deemed to have "beneficial ownership" of any shares that such person has the right to acquire on or within 60 days after August 17, 2009.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage of Class Beneficially Owned <sup>(1)</sup>
<b>Greater than five percent holders:</b>		
FMR LLC 82 Devonshire Street Boston, MA 02109	73,285,272 <sup>(2)</sup>	14.79%
Affiliates of Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	31,391,754 <sup>(3)</sup>	6.34%
Barclays Global Investors, NA. and its affiliates 400 Howard Street San Francisco, CA 94105	30,435,734 <sup>(4)</sup>	6.14%
UBS AG Bahnhofstrasse 45 PO Box CH-8021 Zurich, Switzerland	24,870,081 <sup>(5)</sup>	5.02%
<b>Directors, director nominees and named executive officers:</b>		
Stephen J. Luczo	5,850,283 <sup>(6)</sup>	1.18%
Patrick J. O'Malley	1,217,421 <sup>(7)</sup>	*
Robert W. Whitmore	482,335 <sup>(8)</sup>	*
William D. Mosley	306,098 <sup>(9)</sup>	*
D. Kurt Richarz	228,710 <sup>(10)</sup>	*
William D. Watkins	1,911,793 <sup>(11)</sup>	*
Charles C. Pope	1,226,010 <sup>(12)</sup>	*
Brian S. Dexheimer	1,378,614 <sup>(13)</sup>	*
David A. Wickersham	120,761 <sup>(14)</sup>	*
Frank J. Biondi, Jr.	104,999 <sup>(15)</sup>	*
William W. Bradley	173,749 <sup>(16)</sup>	*
Donald E. Kiernan	198,749 <sup>(17)</sup>	*
David F. Marquardt	1,586,789 <sup>(18)</sup>	*
Lydia M. Marshall	167,999 <sup>(19)</sup>	*
C.S. Park	153,062 <sup>(20)</sup>	*
Albert A. Pimentel	27,000 <sup>(21)</sup>	*
Gregorio Reyes	152,289 <sup>(22)</sup>	*
John W. Thompson	260,659 <sup>(23)</sup>	*
Edward J. Zander	15,000 <sup>(24)</sup>	*
<b>All directors, director nominees and Executives as a group (23 persons)</b>	16,009,916 <sup>(25)</sup>	3.23%

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- \*
- Less than 1% of Seagate Technology's common shares outstanding.
- (1) Percentage of class beneficially owned is based on 495,418,350 common shares outstanding as of August 17, 2009. Each common share is entitled to one vote. All restricted shares, whether or not vested, are treated as outstanding for all purposes. Common shares issuable upon the exercise of options currently exercisable or exercisable within 60 days after August 14, 2009 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options or restricted shares, but are not deemed outstanding for computing the percentage of any other person or group.
- (2) Based solely on information reported by FMR LLC on the Schedule 13G filed with the SEC on February 10, 2009 and reporting ownership as of December 31, 2008. FMR LLC has sole voting power over 7,443,514 shares and sole dispositive power over 73,285,272 shares.
- (3) Based solely on information reported by Franklin Resources, Inc. and its affiliates on the Schedule 13G/A jointly filed with the SEC on February 9, 2009 and reporting ownership as of December 31, 2008. Affiliates of Franklin Resources, Inc. have sole voting power over an aggregate of 28,163,182 shares, sole dispositive power over an aggregate of 31,155,994 shares and shared dispositive power over an aggregate of 235,760 shares.
- (4) Based solely on information reported by Barclays Global Investors, NA. and its affiliates on the Schedule 13G jointly filed with the SEC on February 5, 2009 and reporting ownership as of December 31, 2008. Barclays Global Investors, NA. and its affiliates have sole voting power over an aggregate of 26,007,621 shares and have sole dispositive power over an aggregate of 30,435,734 shares.
- (5) Based solely on information reported by UBS AG on the Schedule 13G filed with the SEC on February 10, 2009 and reporting ownership as of December 31, 2008. The UBS Global Asset Management division of UBS AG has sole voting power over 21,238,954 shares and shared dispositive power over 24,870,071 shares.
- (6) Represents 57,499 common shares subject to options that are currently exercisable, 490,367 common shares held by Red Zone Holdings Limited Partnership, 425,951 common shares held by Red Zone II Limited Partnership, 4,582,836 common shares held by the Stephen J. Luczo Revocable Trust dated January 26, 2001, 34,880 common shares held indirectly by the Luczo Perpetual Family Trust, 100,000 common shares held by the Stephen J. Luczo 2009 Grantor Retained Annuity Trust and 158,750 common shares owned directly by Mr. Luczo. Mr. Luczo is a general partner of both Red Zone Holdings Limited Partnership and Red Zone II Partnership and, as such, may be deemed to beneficially own all of such common shares. He, however, disclaims beneficial ownership of the common shares owned by both entities, except to the extent of his pecuniary interest therein. Mr. Luczo has sole voting and dispositive power over the shares held by these entities.
- (7) Represents 759,666 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 425,207 common shares held by Patrick J. O'Malley III & Patricia A. O'Malley as trustees for the O'Malley Living Trust and 32,548 common shares owned directly by Mr. O'Malley.
- (8) Represents 396,975 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009 and 85,360 common shares owned directly by Mr. Whitmore.
- (9) Represents 286,982 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009 and 19,116 common shares owned directly by Mr. Mosley.
- (10) Represents 166,855 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009 and 61,855 common shares owned directly by Mr. Richarz.
- (11) Represents 1,752,049 common shares held by the Watkins Family Trust, 119,744 common shares held by Wolf Pack Limited Partnership and 40,000 common shares held by the Dragon Wolf Foundation, Inc. Mr. Watkins is a managing partner of Wolf Pack Limited Partnership and a managing member of Dragon Wolf Foundation, Inc., a private charitable foundation. As such, he may be deemed to beneficially own all of the common shares held by these entities. He, however, disclaims beneficial ownership of such common shares, except to the extent of any pecuniary interest therein. Mr. Watkins has shared voting and dispositive power of the shares held by these entities.
- (12) Represents 1,095,310 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 63,700 common shares held by the Pope Family Trust and 67,000 shares owned directly by Mr. Pope.

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(13)

Represents 875,619 common shares subject to options that are currently exercisable, 61,664 common shares held by Silver Sea Limited Partnership, 30,000 common shares held by the Dexheimer Generation Skipping Trust and 411,331 shares held by Brian & Lorilee Dexheimer as Trustees of the Dexheimer Family Trust dated 2/12/1997. Mr. Dexheimer is a general partner of Silver Seas Limited Partnership and, as such, may be deemed to beneficially own all of such common shares. He, however, disclaims beneficial ownership of the common shares beneficially owned by Silver Seas Limited Partnership, except

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to the extent of his pecuniary interest therein. Mr. Dexheimer has sole voting and dispositive power over the shares held by these entities.

- (14) Represents 120,761 shares held by David and Susan Wickersham as Trustees of the David and Susan Wickersham 2000 Trust U/T/D 12/18/2000.
- (15) Represents 94,999 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 1,250 common shares held by the Biondi Family Trust and 8,750 common shares owned directly by Mr. Biondi.
- (16) Represents 163,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009 and 10,000 common shares owned directly Mr. Bradley.
- (17) Represents 178,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 11,250 held by the Donald E. Kiernan Living Trust and 8,750 common shares owned directly by Mr. Kiernan.
- (18) Represents 88,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 103,888 shares held by the David F. Marquardt Trust and 1,394,152 shares held directly by Mr. Marquardt.
- (19) Represents 153,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009 and 14,250 common shares owned directly by Ms. Marshall.
- (20) Represents 141,212 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 3,100 common shares held by The Park Family Trust and 8,750 common shares owned directly by Dr. Park.
- (21) Represents 12,000 common shares held by the Pimentel Family Trust and 15,000 common shares held directly by Mr. Pimentel.
- (22) Represents 113,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 29,790 common shares held by Gregorio & Vanessa Reyes Trust and 8,750 common shares owned directly by Mr. Reyes.
- (23) Represents 88,749 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009, 163,160 common shares held by the John W. Thompson and Sandra A. Thompson Trust and 8,750 common shares owned directly by Mr. Thompson.
- (24) Represents 15,000 common shares owned directly by Mr. Zander.
- (25) Represents 4,914,046 common shares subject to options that are currently exercisable or which will become exercisable within 60 days of August 17, 2009.

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**PROPOSAL 2 AMENDMENT TO EMPLOYEE STOCK PURCHASE PLAN**

**General**

The Board is seeking the approval of our shareholders for an amendment to the Seagate Technology Employee Stock Purchase Plan (the "ESPP") to increase by 10,000,000 the number of shares available for purchase by eligible employees, from 30,000,000 to 40,000,000 shares. The ESPP was adopted by the Compensation Committee on October 24, 2002, approved by our shareholders on December 3, 2002 and became effective December 10, 2002. The plan was amended effective as of October 26, 2006 to (i) increase the common shares available for purchase thereunder by 10,000,000 shares (from 20,000,000 to 30,000,000 shares), and (ii) delete the provision which permitted automatic annual increases in the number of common shares reserved for issuance thereunder. On July 29, 2009, the Board amended and restated the ESPP to increase the number of shares available for purchase thereunder by 10,000,000 shares, subject to shareholder approval.

Currently, a total of 30,000,000 of common shares of Seagate Technology are reserved for issuance under the ESPP and approximately 12,500 employees worldwide participate in the ESPP. The maximum number of shares that can be issued under the ESPP over the lifetime of the plan is limited to 75,000,000 and for purchase periods commencing on or after August 1, 2009, the maximum number of shares that can be purchased by participants in any purchase period is limited to 1,500,000 shares in the aggregate. As of July 31, 2009, we have issued 28,537,274 shares under this plan to employee participants, leaving an insufficient number of shares to allow us to continue to offer the ESPP to our employees in the U.S. and globally. We believe the requested 10,000,000 new shares, when added to shares that remain available for issuance under the ESPP, will be sufficient to permit participating employees to continue purchasing shares for at least 3 years.

The Board is therefore recommending the addition of 10,000,000 shares to the total shares available for purchase under the ESPP to ensure that eligible employees continue to have the opportunity to invest in Seagate Technology. The Board believes that the additional shares will enable us to continue to attract and retain the talented employees necessary for our continued growth and success. In addition, the ESPP provides an incentive for employees to acquire our common shares, which aligns their interests with those of our shareholders.

The full text of the ESPP, as proposed to be amended and restated, is included as Appendix I to this proxy statement as it would read if this proposal were to be approved by our shareholders. Below is a summary of certain key provisions of the ESPP, which is qualified in its entirety by reference to the full text of the ESPP.

**Description of the ESPP**

**Purpose and General Information about the ESPP.** We adopted the ESPP to provide employees of Seagate Technology and its designated subsidiaries with an opportunity, during specified periods ("Offering Periods"), to purchase common shares through accumulated payroll deductions. The ESPP provides eligible employees (including officers and directors who are employees) of Seagate Technology and certain designated subsidiaries with the right to purchase common shares of Seagate Technology at a discount. For U.S. taxpayers, the ESPP is intended to satisfy the requirements to receive the tax advantages allowed under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The ESPP is not a qualified deferred compensation plan under Section 401(a) of the Code, and is not subject to the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended.

**Eligibility.** Employees of Seagate Technology or a designated subsidiary who are employed as of the first day of a given Offering Period (an "Offering Date") are eligible to participate in the ESPP provided that they have satisfied the minimum employment period established by the Administrative

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Committee (as defined below). Currently, an employee must be actively employed on or before the first Friday of the open enrollment period before an Offering Date in order to be eligible to participate in the Offering Period that commences on that Offering Date. In addition, employees are not eligible to participate in the ESPP if they would be deemed to own five percent (5%) or more of the total combined voting power or value of all classes of Seagate Technology stock or the stock of any of its subsidiaries (including shares purchased under the ESPP or under any other outstanding options) immediately after such employee is granted a right to purchase shares under the ESPP.

Directors who are not employees of a participating employer in the ESPP, consultants, independent contractors, temporary workers employed by a third party, and employees of non-designated subsidiaries of Seagate Technology, are not eligible to participate in the ESPP.

**Administration.** The ESPP is administered by a committee appointed by the Board. Currently, the ESPP is being administered by the Seagate Benefits Administrative Committee (the "Administrative Committee"). The Administrative Committee has full power, in a manner not inconsistent with the ESPP, to adopt, amend and rescind any rules for the administration of the ESPP, to construe and interpret the ESPP, to exercise any and all powers allocated to the Board under the ESPP, and to make all other determinations necessary or advisable for the administration of the ESPP. Members of the Administrative Committee receive no additional compensation for their services in connection with the administration of the ESPP. Members of the Administrative Committee will serve for such time as the Board may specify and may be removed at any time by the Board or the Compensation Committee.

**Offering Periods.** The ESPP is implemented by a series of Offering Periods during which shares are purchased through payroll deductions ("Purchase Periods"). Each Offering Period is six months in length (beginning on February 1 and August 1 of each year) and consists of one Purchase Period that runs concurrently with such Offering Period. The last trading day of each Purchase Period is called a "Purchase Date."

**Purchase of Shares.** An employee who has satisfied the eligibility criteria will automatically be granted an option to buy common shares under the ESPP on the first Offering Date on which he or she is eligible and on each Offering Date thereafter. Assuming an eligible employee has appropriately completed the applicable paperwork, payroll deductions will commence on the first payroll date following the Offering Date and will end on the last payroll date on or prior to the next Purchase Date, unless the employee terminated his or her participation earlier in accordance with the ESPP. The option to buy common shares is exercised automatically on each Purchase Date.

**Purchase Price.** The purchase price for a Purchase Period will generally be equal to 85% of the lesser of (a) the closing price for our common shares on the Offering Date or (b) the closing price for our common shares on the Purchase Date.

**Securities to be Purchased.** The securities to be purchased under the ESPP are common shares of Seagate Technology. Common shares are issued directly to an ESPP participant from Seagate Technology and are registered with the SEC under a special form of registration statement applicable to employee benefit plans.

**Plan Amendment and Termination.** The Board has the power to terminate or amend the ESPP at any time subject to specified restrictions protecting the rights of participating employees. Upon a termination of the ESPP, the Board may, in its discretion; (a) return, without interest, the payroll deductions credited to the participants' accounts to such participants, or (b) set an earlier Purchase Date with respect to the Offering Periods and Purchase Periods then in progress.

**Change in Capitalization; Merger or Consolidation.** In the event any change is made in our capitalization, such as a reorganization, merger, stock split or stock dividend, that results in an increase or decrease in the number of outstanding shares of common shares without receipt of consideration by

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us, appropriate adjustments will be made in the shares subject to purchase under the ESPP and in the purchase price per share, subject to any required action by our shareholders. In the event of our liquidation or dissolution, the Offering Period then in progress will terminate immediately prior to the consummation of such event, unless otherwise provided by our Board. In the event of a sale of all or substantially all of our assets, or a merger with or into another corporation, if provided by our Board, each option under the ESPP shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. Alternatively, the Board may provide that the Offering Period then in progress will be shortened and a new purchase date will be set or that all outstanding options will terminate and any accumulated payroll deductions will be returned to participants.

**Plan Benefits and Number of Shares Purchased by Certain Individuals and Groups.** The actual number of shares that may be purchased by any individual under the ESPP is not determinable in advance since participation is voluntary and the number is determined, in part, on the contributed amount and the purchase price. The following table sets forth the aggregate number of our common shares which were purchased under the ESPP by the listed persons and groups during fiscal year 2009 and the weighted average per-share purchase price paid per share.

Name	Number of Shares Purchased	Weighted Average Per Share Purchase Price
Stephen J. Luczo		\$
Patrick J. O'Malley	387	\$ 4.60
Robert W. Whitmore		\$
William D. Mosley	387	\$ 4.60
D. Kurt Richarz	869	\$ 9.10
William D. Watkins	387	\$ 4.60
Charles C. Pope		\$
Brian S. Dexheimer		\$
David A. Wickersham	56	\$ 12.72
Executives as a Group (including NEOs) (13 people)	2,856	\$ 7.22

Our Executives have a financial interest in this proposal because they are eligible to purchase our common shares under the ESPP.

### Certain Federal Income Tax Consequences

Generally, participants in the ESPP will recognize income for purposes of U.S. federal income tax in the year in which they make a disposition of the purchased common shares. The U.S. federal income tax liability will depend on whether such disposition is "disqualifying" or "qualifying." A disqualifying disposition is any sale or other disposition which is made within two years after an Offering Date or within one year after a Purchase Date. A qualifying disposition will occur if the sale or other disposition of the common shares is made after the participant has held the common shares for more than two years after an Offering Date and more than one year after a Purchase Date.

Upon a disqualifying disposition, a participant will recognize ordinary income equal to the excess of (a) the fair market value of the common shares on the Purchase Date over (b) the purchase price paid for the common shares. Seagate Technology will be entitled to an income tax deduction in an amount equal to such excess for the taxable year in which such disposition occurs. Any additional gain recognized upon the disqualifying disposition will be capital gain. The capital gain will be long-term if the participant has held the common shares more than one year after the Purchase Date, and will be short-term if the participant has held the common shares not more than one year from the Purchase Date. In general, the current maximum U.S. federal income tax rate on long-term capital gains is 15%.

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and short-term capital gains are taxed at the same rates as ordinary income. The current general maximum U.S. federal income tax rate for ordinary income (and therefore short-term capital gains) is 35%.

Upon a qualifying disposition, a participant will recognize ordinary income equal to the lesser of: the amount by which the fair market value of the common shares on the date of the qualifying disposition exceeds the purchase price paid for the common shares, or the amount by which the fair market value of the common shares on the Offering Date exceeds the discounted purchase price (that amount is typically 15% of the fair market value of the common shares on the Offering Date). Seagate Technology is not entitled to an income tax deduction with respect to such disposition. Any additional gain recognized upon the qualifying disposition will be capital gain. Under current law, the capital gain will be long-term because the shares would be held for more than one year after the Purchase Date. In general, the maximum U.S. federal income tax rate on long-term capital gains is 15%.

Generally, if the fair market value of the common shares on the date of a qualifying disposition is less than the purchase price paid for the common shares, the participant will not recognize ordinary income, and any loss recognized will be a long-term capital loss. However, if the loss arises in connection with a disqualifying disposition, the participant may still recognize as ordinary income, and be taxed on, the excess of (a) the fair market value of the common shares on the Purchase Date over (b) the purchase price paid for the common shares.

**Vote Required; Recommendation of the Board**

The affirmative vote of the holders of a majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM is necessary to approve the amendment to the ESPP.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "**FOR**" APPROVAL OF THE AMENDMENT TO THE EMPLOYEE STOCK PURCHASE PLAN.



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**PROPOSAL THREE APPROVAL OF AN  
EMPLOYEE STOCK OPTION EXCHANGE PROGRAM**

The Board is requesting that our shareholders approve an employee stock option exchange program (the "Option Exchange"). The Option Exchange has been designed to include the following features, which reflect best market practices and are intended to strike a balance between the Company's need to retain and motivate employees and the interests of its shareholders:

our Executives and directors will not be eligible to participate;

only options (1) having an exercise price above the threshold price determined by the Board (the "Eligible Exercise Price") and (2) granted more than 12 months prior to the commencement of the Option Exchange will be eligible to be exchanged;

the Eligible Exercise Price will be equal to or higher than the 52-week high trading price of our common shares at the commencement of the Option Exchange;

the exchange will be a value-for-value exchange such that the value of the new options to be granted will be approximately equal to the value of the options being surrendered and is intended to result in minimal additional compensation expense to Seagate;

fewer new options will be granted than are surrendered in the exchange offer, based on the applicable exchange ratio(s) established for the Option Exchange;

new options will be granted out of the total pool of options surrendered in the Option Exchange, and any remaining surrendered options will be cancelled without being returned to the share pool available for future grants;

the cancelled options will not be available for future grant under our stock compensation plans;

new options will be unvested at the time of grant (with incremental vesting commencing three months after the date of grant), even if the surrendered options were fully or partially vested, and will be granted at fair market value at the date of grant; and

the Option Exchange will be effected only if shareholder approval is obtained and if the Board decides to implement the Option Exchange.

The Board believes that the Option Exchange is in the best interests of shareholders and Seagate, as new stock options received under the program will provide new incentives to motivate and retain talented employees while reducing our "overhang" of outstanding employee stock options, which will allow Seagate to recapture value from the compensation costs that have been and will be incurred from its stock options program.

**Rationale for the Option Exchange**

We have historically granted stock options as a key component of our employees' overall compensation package. Stock options have been granted to encourage our employees to act as owners and to align their interests with those of our shareholders. The objectives of our equity compensation plans are to motivate and reward personnel whose long-term employment is considered essential to our continued progress and to encourage them to continue their employment with us.

## Edgar Filing: Seagate Technology - Form PRE 14A

Like many companies we have experienced significant declines in our share price over the last year due in part to the worldwide economic downturn. The disk drive industry is sensitive to such global macroeconomic conditions and the recent sharp contraction in the PC supply chain contributed to a rapid decline in demand for disk drives during the past fiscal year. Furthermore, many industries that historically have consumed high volumes of enterprise class disk drives, such as financial services, have

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experienced a disproportionately negative effect on their business results from the economic downturn, all of which adversely affected our business and contributed to the decline of our share price.

Since it is unclear when an economic turnaround may occur, and there remains a high degree of uncertainty around demand for our products, we have recently undertaken major restructuring efforts in order to simplify our organization, reduce costs and more effectively respond to our customers. These efforts, which are still on-going, have included a significant reduction of and changes in our executive management team and a reduction of labor costs in excess of 25% since the beginning of fiscal year 2009 through global headcount reductions and attrition. We have also taken steps to improve our competitiveness by launching new products and to strengthen our financial condition by securing additional debt financing.

Despite these changes, a considerable number of our employees hold "underwater" stock options (meaning options with exercise prices significantly above the recent trading prices of our common shares). In addition, notwithstanding the current economic turmoil, the market for key employees remains extremely competitive.

Seagate grants equity awards to approximately 5% of our employees annually in conjunction with our annual performance review cycle. Of Seagate's approximate 41,800 employees as of August 6, 2009, approximately 6,300 or 15.1% hold stock options. Our stock options are granted with an exercise price equal to the market value on the date of grant. The majority of outstanding stock options vest over 4 years, with 25% vesting on the one year anniversary of the grant date and 2% vesting in monthly increments thereafter; following vesting, options can be exercised until expiration (generally 7 years or 10 years after their grant date). Our stock option grants have generally been made on predetermined dates throughout the year. As a result, outstanding stock options have a number of varying exercise prices, vesting, and expiration dates.

The following information is given as of August 6, 2009, and assumes an Eligible Exchange Price of \$15.00 per share:

	<b>All Employees and Directors</b>	<b>Executives and Directors<sup>(3)</sup></b>	<b>Employees Other than Executives and Directors</b>
Number of options outstanding	63.4 million	12.1 million	51.3 million
Number of underwater options <sup>(1)</sup>	34.6 million	3.8 million	30.8 million
Weighted average exercise price per share of underwater options <sup>(1)</sup>	\$20.04	\$20.43	\$19.99
Weighted average remaining vesting period of underwater options <sup>(1)</sup>	1.2 years	1.4 years	1.2 years
Weighted average remaining term of underwater options <sup>(1)</sup>	3.8 years	4.2 years	3.8 years
Number of eligible options held <sup>(2)(3)</sup>	26.6 million	2.7 million	23.9 million
Weighted average exercise price per share of eligible options <sup>(3)</sup>	\$21.97	\$23.10	\$21.82
Weighted average remaining vesting period of eligible options <sup>(3)</sup>	1.1 years	1.3 years	1.1 years
Weighted average remaining term of eligible options <sup>(3)</sup>	3.7 years	4.1 years	3.7 years
Number of option holders	6,291	19	6,272
Number of eligible option holders <sup>(3)(4)</sup>	4,102		4,102

(1) For the purposes hereof, underwater options are options having an exercise price below \$11.84, the closing price of our common shares on August 6, 2009.

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- (2) For the purposes hereof, eligible options are those granted prior to August 6, 2008 and having a strike price above \$15.00 per share, the assumed Eligible Exchange Price.
- (3) Executives and directors are not eligible to participate in the Option Exchange.
- (4) Eligible options holders are employees (other than Executives or directors) holding eligible options.

As of August 6, 2009, approximately 54.6% of our outstanding stock options (or 60.1% excluding options held by Executives and directors) were underwater. Exercise prices for our stock options outstanding as of August 6, 2009, ranged from \$2.30 to \$39.70, and the closing market price of our common shares was \$11.84 on that date. Due to the continued challenging economic environment and the still uncertain impact of our efforts to change our business, we believe these underwater stock options are no longer effective as incentives to motivate and retain our employees. We believe that employees perceive that these options have little or no value. In addition, although these stock options are not likely to be exercised as long as our share price is lower than the applicable exercise prices, they will remain on our books with the potential to dilute shareholders' interests for up to the full term of the options, while delivering little or no retentive or incentive value. The Option Exchange would help to address both of these concerns.

As of August 6, 2009, an additional 17.2 million shares in aggregate remained available for grant under our 2001 Share Option Plan (the "2001 Plan") and our 2004 Stock Compensation Plan (the "2004 Plan"). If all 23.9 million options assumed to be eligible (based on the assumptions set forth in the table above) were to be exchanged and new grants of options made in accordance with the estimated exchange ratios set out below, we estimate the number of shares underlying options outstanding would be reduced by 13.9 million shares, or approximately 21.9% of all outstanding options.

As noted above, the successful completion of the Option Exchange would significantly reduce our "overhang" (that is, equity awards outstanding but not exercised, plus equity awards available to be granted, divided by total common shares outstanding at the end of the year). Our overhang on August 6, 2009 was 16.5%. Under the Option Exchange, we expect that a reduction in overhang will occur because participating employees will receive fewer new stock options than the number of underwater stock options being surrendered in the Option Exchange. Except to the extent reissued as new options under the terms of the Option Exchange, all surrendered stock options will be cancelled, and will not be available for future grant under the Plans. The actual overhang reduction will only be known when the Option Exchange is complete, but we currently estimate that if all eligible options were tendered, the Option Exchange would reduce our overhang by approximately 280 basis points, or 13.9 million shares, based on the assumptions set forth below under "Details of the Option Exchange Program Exchange Ratios". As a result, we estimate that our overhang after completion of the Option Exchange would be 13.7%.

As of July 3, 2009, our fiscal year end, we had \$68 million in remaining compensation costs related to outstanding underwater stock options (excluding options held by our Executives and directors). At current stock prices, outstanding stock options are of limited benefit in motivating and retaining our employees. If the Option Exchange is not approved by our shareholders, we would be required to recognize these compensation costs in fiscal year 2010 and beyond, even if those options are never exercised. Through the Option Exchange, we believe that we can increase our ability to motivate and retain our employees without significantly increasing the compensation expense we must already recognize. Our Board has therefore determined that it would be in the best interests of Seagate and our shareholders to provide for a one-time exchange of eligible employee stock options on the terms set forth below.

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**Structure of the Option Exchange**

Based on the foregoing, we are asking our shareholders to approve the Option Exchange with the following features:

**Exclusion of Our Executives and Directors.** The Option Exchange will be available to eligible employees holding eligible stock options, other than our Executives and directors.

**Eligible Stock Options.** The Option Exchange will be offered only with respect to stock options with an exercise price above the Eligible Exchange Price set by the Board, which will be equal to or above highest daily closing price of our common shares over the 52 weeks prior to the commencement of the exchange offer period, and will exclude any stock options granted within the 12 months preceding the beginning of the exchange offer period. This approach removes stock options granted in the preceding 12 months from being eligible for the Option Exchange, as they would be considered likely to have value in the near future.

**Offer an Approximate Value-for-Value Exchange.** The value of an employee's new stock option grant received as part of the Option Exchange is intended to approximately equal the value of such employee's surrendered stock options. The exercise price of the new stock options will be set on the grant date of the Option Exchange using the average of the market high and low prices for the day. The exchange ratios of shares associated with surrendered eligible stock options into new stock options will be established shortly before the start of the Option Exchange by grouping together eligible options with similar exercise prices and assigning an appropriate exchange ratio to each grouping.

**New Vesting Schedule of Three Years and New Term of Five Years.** New stock options will vest as to 9% of the total award three months following the date of the grant and thereafter will continue to vest monthly in 3% increments, such that the new options will be fully vested three years from the grant date. This vesting period provides for additional years of retention for our employees. The new options will have a term of five years from the date of grant.

**Cancelled Options Not Returned to Share Reserve.** Except to the extent reissued as new options under the terms of the Option Exchange, all surrendered stock options will be cancelled, will not be returned to the aggregate share reserves and will not be available for future grant under the Plans.

**Implementation of the Option Exchange within Twelve Months of Shareholder Approval.** Our Board authorized the Option Exchange on July 29, 2009, upon the recommendation of the Compensation Committee and subject to shareholder approval. We expect that the Option Exchange will begin within 12 months of the shareholder approval. Whether we actually implement the Option Exchange, the actual implementation date within that 12-month period and the Eligible Exchange Price will be determined by our Board, in its discretion. We reserve the right to amend, postpone or cancel the Option Exchange. If the Option Exchange does not commence within the 12 month time frame, Seagate will not conduct the Option Exchange without seeking shareholder approval again.

**Details of the Option Exchange Program**

**Implementing the Option Exchange Program.**

If shareholders approve the Option Exchange and the Board decides to commence the Option Exchange, eligible employees will be offered the opportunity to participate in the Option Exchange under a Tender Offer Statement to be filed with the SEC and distributed to all eligible employees. Employees will be given at least 20 business days in which to accept the offer of the new options in exchange for the surrender of their eligible options. To the extent not reissued as new grants in the Option Exchange, the surrendered options will be cancelled on the first business day following this

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election period and will not be available for future grant under any of our Plans. The new options will be granted under our 2004 Plan on the date of cancellation of the old options.

**Eligibility.** If implemented, the Option Exchange program will be open to all current employees of Seagate and any of its subsidiaries who hold eligible options. However, the Option Exchange will not be available to our Executives or directors. Non-U.S. employees will be eligible to participate where practical under local laws and regulations as determined by Seagate. An employee who tenders his or her options for exchange must also have been continuously employed with Seagate or any of its subsidiaries and be an eligible employee on the date of the new grant in order to receive the new options. If an optionee is no longer an employee for any reason, including layoff, termination, voluntary resignation, death or disability, that optionee will not be able to participate in the program. Likewise, if an optionee is no longer an employee for any reason on the date that the new grants are made, even if he or she had tendered options for exchange, such employee's tender will automatically be deemed withdrawn and he or she will not participate in the Option Exchange program. Such employee will retain his or her outstanding options in accordance with their current terms and conditions, and he or she may exercise them during a limited period of time following the termination of employment in accordance with their terms to the extent that they are vested. A vote by an employee shareholder in favor of this proposal at the 2009 AGM does not constitute an election to participate in the Option Exchange. The written exchange offer documents will be provided if and when the Option Exchange is commenced.

**Exchange Ratios.** The exchange ratios of shares associated with surrendered eligible stock options into new stock options will be established shortly before the start of the Option Exchange. The exchange ratios will be established by grouping eligible options with similar exercise prices and assigning an appropriate exchange ratio to each grouping.

These exchange ratios will be based on the fair value of the eligible options within the relevant grouping compared to the fair value of the new options. The calculation of fair values of options will be performed using valuation methods that are widely accepted and take into account a number of variables including exercise price, volatility, and expected term of a stock option. Setting the exchange ratios in this manner is intended to result in the issuance of new stock options that have a fair value approximately equal to the fair value of the surrendered eligible stock options that they replace. This is designed to minimize additional compensation expense from such new stock options, other than compensation expense that might result from changes in our share price or other variables after the exchange ratios have been established but before the time that new stock options are granted in the Option Exchange. Although exchange ratios cannot be determined now, we are providing an example by making certain assumptions regarding the start date of the Option Exchange, the fair value of the eligible stock options and the fair market value of our common shares. To calculate the exchange ratios in the example, we have used the applicable inputs available as of August 6, 2009. In the table below, the exchange ratios represent the number of existing stock options that an employee would be required to surrender in exchange for one new stock option. For example, if an employee surrendered 100 stock options that have an exercise price of \$21 per share, that employee would receive approximately 50 new stock options, using the exchange ratio of 2:1 as set forth below.

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Exercise Price of Eligible Grants		Exchange Ratio	Number of Shares Underlying Eligible Options (in millions) <sup>(1)</sup>	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
\$ 2.30	\$14.995	Not eligible	12.1	\$ 8.04	2.3
\$15.00	\$16.559	1.5 : 1	4.7	\$ 15.22	2.8
\$16.56	\$21.995	2 : 1	7.1	\$ 20.64	3.4
\$22.00	\$25.495	3.5 : 1	10.3	\$ 24.88	4.2
\$25.50	\$29.995	6 : 1	1.6	\$ 26.71	3.9
Greater than \$30.00		8 : 1	0.04	\$ 34.22	1.3

(1) Excludes otherwise eligible options held by Executives and directors.

The exchange ratios set out above were established based on an estimated share price of our common shares at the time of commencement of the Option Exchange of \$13.00 per share. The exchange ratios are generally intended to make the exchange of options in the Option Exchange approximately "value-for-value" such that (1) the value of the new options to be granted will be approximately equal to the value of the options being surrendered and (2) to result in minimal additional compensation expense to Seagate. We will establish actual exchange ratios with the intent not to generate any material incremental stock-based compensation expense. The actual range of exchange ratios will be determined at the time the Option Exchange commences.

**Election to Participate.** Participation in the Option Exchange will be voluntary. Under the Option Exchange, eligible employees may make a one-time election to surrender stock options that have an exercise price higher than the Eligible Exchange Price set by the Board, which will be equal to or above the 52-week high trading price of our common shares at the commencement of the Option Exchange (other than options granted within the 12-month period preceding the commencement date of the Option Exchange), in exchange for new options in accordance with the applicable exchange ratio(s).

**Exercise Price of New Options.** All new options will be granted with an exercise price equal to the fair market value of our common shares on the date of the new grant.

**Vesting of New Options.** The new options will vest as to 9% of the award three months following the date of grant and thereafter will continue to vest monthly in 3% increments, such that the new options will be fully vested three years from the grant date, dependent upon continued employment with Seagate or any of its subsidiaries, except as may be required in certain countries outside of the United States (which countries to be determined by Seagate). This means that all new options would be completely unvested at the time of the new grant, regardless of whether the surrendered options were partially or wholly vested.

New options will only vest if the optionee remains an employee with Seagate or any of its subsidiaries. New options that are not vested at termination of employment cannot be exercised and will be forfeited.

**Term of New Options.** The term of an option is the length of time during which it may be exercised. Under the Option Exchange, each new option will have a term of 5 years from the date of grant (subject to earlier expiration upon termination of employment of the optionee).

**Other Conditions of New Options.** The other terms and conditions of the new options will be governed by the 2001 Plan or the 2004 Plan, as applicable, and the stock option agreements thereunder. New options will be non-qualified stock options under U.S. tax laws. The common shares

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for which the new options will be exercisable have already been registered with the SEC as part of our stock plan registrations.

**Amendments to Option Exchange.** While the terms of the Option Exchange are expected to conform to the material terms described above in this proposal, we may find it necessary or appropriate to change the terms of the Option Exchange from those described above to take into account our administrative needs, local law requirements in foreign jurisdictions, accounting rules and company policy decisions. For example, we may alter the method of determining exchange ratios if we decide that there is a more efficient and appropriate way to achieve our goal of granting replacement stock options that have a fair value approximately equal to the fair value of the eligible stock options they replace.

Additionally, we may decide not to implement the Option Exchange even if shareholder approval of the Option Exchange is obtained, or we may amend or terminate the Option Exchange once it is in progress. The final terms of the Option Exchange will be described in the Tender Offer Statement that will be filed with the SEC.

**Option Exchange Process.** Upon initiation of the Option Exchange, eligible employees holding eligible stock options will receive a written offer setting forth the precise terms of the Option Exchange and will need to voluntarily elect to participate. All of our employees who are employed on the commencement date of the Option Exchange, are still employed at the grant date, and hold eligible stock options may participate in the Option Exchange (excluding our Executives and directors); as noted above, additional employees may also be excluded from the program. Eligible employees will be given at least 20 business days to elect to surrender eligible stock options in exchange for a lesser amount of new stock options. Upon completion of the Option Exchange, surrendered stock options will be cancelled and new stock options will be granted promptly. The 2001 Plan or the 2004 Plan, as applicable, will govern any terms or conditions of new options not specifically addressed within the Option Exchange proposal.

**U.S. Federal Income Tax Consequences**

The exchange of options pursuant to the Option Exchange should be treated as a non-taxable exchange and Seagate and participating employees should recognize no income for U.S. federal income tax purposes upon the grant of the new options. All new options granted under the Option Exchange program will be non-qualified stock options for U.S. federal income tax purposes.

**Accounting Impact**

The intent of the Option Exchange is to improve our ability to motivate and retain our employees while minimizing additional compensation expense to Seagate. Under the Option Exchange, the fair value of new stock options granted, measured as of the date such options are granted, will have a fair value approximately equal to the fair value of the surrendered stock options they replace. The unamortized compensation expense from the surrendered options will continue to be recognized over the originally estimated service period of the surrendered options. Incremental compensation expense, which is expected to be minimal, associated with the new stock options granted under the Option Exchange program will be recognized over the service period of the new options. If any of the new stock options granted in the Option Exchange are forfeited prior to vesting, due to termination of employment, the compensation cost for the forfeited options will not be recognized.

**Potential Modification to Terms to Comply with Governmental Requirements**

The terms of the Option Exchange will be described in a Tender Offer Statement that will be filed with the SEC. Although we do not anticipate that the SEC would require us to modify the terms materially, it is possible that we will need to alter the terms of the Option Exchange to comply with



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potential SEC comments. In addition, it is currently our intention to make the program available to eligible employees of Seagate and its subsidiaries that are located outside of the United States, where permitted by local law and where we determine it is practical to do so. It is possible that we may need to make modifications to the terms offered to employees in countries outside the United States to comply with local requirements or for tax or accounting reasons.

**Benefits of the Option Exchange Program to Eligible Employees**

Because the decision whether to participate in the Option Exchange is completely voluntary, we are not able to predict who will participate, how many options any particular group of employees will elect to exchange, nor the number of replacement options that we may grant. As noted above, however, our Executives and directors are not eligible to participate in the Option Exchange. The Option Exchange program also will not be available to any former employees of Seagate or its subsidiaries.

**Effect on Shareholders**

The Option Exchange is designed to provide renewed incentives and motivate our eligible employees to continue to create shareholder value, as well as to reduce the number of shares currently subject to outstanding options, thereby avoiding the dilution in ownership that would result from the issuance of new grants of stock options needed to provide meaningful incentives to employees. While we cannot predict which or how many employees will elect to participate in the Option Exchange, please see the "Rationale for Option Exchange" section above for the approximate reduction of the number of shares underlying options outstanding assuming that all of eligible options are exchanged and new options are granted in accordance with the exchange ratio set out above.

**Effect on the 2001 Plan and the 2004 Plan**

Assuming Proposal Three is approved by our shareholders and the Option Exchange is implemented, new options issued in the Option Exchange will be issued out of options surrendered in the Option Exchange, with the remaining surrendered options being cancelled. As a result, the Option Exchange will not affect the number of common shares available for issuance under the 2001 Plan and the 2004 Plan.

**Vote Required; Recommendation of the Board**

The affirmative vote of the majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM is necessary to approve the Option Exchange.

THE BOARD RECOMMENDS THAT YOU VOTE "**FOR**" APPROVAL OF THE EMPLOYEE STOCK OPTION EXCHANGE PROGRAM.

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**PROPOSAL 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP served as our independent registered public accounting firm for the fiscal year ended July 3, 2009. The Audit Committee has selected and appointed Ernst & Young LLP to audit the financial statements of Seagate Technology for the fiscal year ending July 2, 2010. We are not required to submit the appointment of Ernst & Young LLP for shareholder approval. However, the Board, upon the recommendation of the Audit Committee, is asking Seagate Technology's shareholders to ratify such appointment because we value our shareholders' views on the Company's independent registered public accounting firm, and as a matter of good corporate practice. If the appointment of Ernst & Young LLP is not ratified, the Audit Committee may reconsider whether or not to retain Ernst & Young LLP.

A representative of Ernst & Young LLP is expected to be present at the 2009 AGM and he or she will have the opportunity to make a statement, if he or she so desires, and will be available to respond to any appropriate questions from shareholders.

**Vote Required; Recommendation of the Board**

The affirmative vote of a majority of all the votes cast by holders of common shares represented in person or by proxy at the 2009 AGM is necessary to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of Seagate Technology.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "**FOR**" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF SEAGATE TECHNOLOGY.

Table of Contents**INFORMATION ABOUT THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****Fees Paid to Independent Registered Public Accounting Firm**

The aggregate fees paid or accrued by us for professional services provided by Ernst & Young LLP in fiscal years 2009 and 2008 are set forth below.

	Fiscal Year	
	2009	2008
	(In thousands)	
Audit Fees	\$6,095	\$5,431
Audit-Related Fees	503	571
Tax Fees	195	326
All Other Fees	4	6
<b>Total</b>	<b>\$6,797</b>	<b>\$6,334</b>

**Audit Fees.** This category consists of professional services provided in connection with the integrated audit of our annual consolidated financial statements, the audit of our internal controls and related compliance, the review of our quarterly consolidated financial statements, and audit services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. The fees in fiscal year 2009 include services in connection with the Company's debt offering in April 2009 and activities related to the assessment of goodwill and other long-lived assets impairment charges taken in the year.

**Audit-Related Fees.** This category consists of assurance and related services provided by Ernst & Young LLP that were reasonably related to the performance of the audit or review of our financial statements and which are not reported above under "Audit Fees". For fiscal years 2009 and 2008, this category includes: benefit plan, pension plan and grant audits and advice on accounting matters that arose during those years in connection with the preparation of our annual and quarterly consolidated financial statements.

**Tax Fees.** This category consists of professional services provided by Ernst & Young LLP for tax services, including tax compliance and expatriate tax services.

**All Other Fees.** This category consists of fees for the use of Ernst & Young LLP's online accounting research tool for fiscal years 2009 and 2008.

In fiscal years 2009 and 2008, all audit, audit related, tax and all other fees were pre-approved by the Audit Committee. Under the SEC rules, subject to certain permitted de minimis criteria, pre-approval is required for all professional services rendered by the Company's principal accountant. We are in compliance with these SEC rules.

In making its recommendation to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending July 2, 2010 the Audit Committee considered whether the services provided to us by Ernst & Young LLP are compatible with maintaining the independence of Ernst & Young LLP from us. The Audit Committee has determined that the provision of these services by Ernst & Young LLP is compatible with maintaining that independence.

**Pre-Approval of Services by Independent Registered Public Accounting Firm**

The Audit Committee pre-approves all services provided to us by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and

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other permitted non-audit services. The Audit Committee pre-approves these services on an annual basis in connection with the annual engagement of our independent registered public accounting firm, and pre-approves additional permissible services on a case-by-case basis, as needed. The Audit Committee has delegated the authority to grant pre-approvals to the committee Chairman when the full Audit Committee is unable to do so. These pre-approvals are reviewed by the full Audit Committee at its next regular meeting. Our independent registered public accounting firm and senior management periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm.

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**REPORT OF THE AUDIT COMMITTEE**

Our management is responsible for preparing and presenting our financial statements, and our independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of our annual financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for auditing the effectiveness of our internal control over financial reporting as of the end of our fiscal year. One of the Audit Committee responsibilities is to monitor and oversee these processes. In connection with the preparation of the financial statements as of and for the fiscal year ended July 3, 2009, the Audit Committee performed the following tasks:

- (1) reviewed and discussed the audited financial statements for fiscal year 2009 with management and with Ernst & Young LLP;
- (2) reviewed and discussed with management its assessment and report on the effectiveness of our internal control over financial reporting as of July 3, 2009, which it made using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework*;
- (3) reviewed and discussed with Ernst & Young LLP its attestation report on the effectiveness of our internal control over financial reporting as of July 3, 2009, which report was included in our Annual Report on Form 10-K for the fiscal year ended July 3, 2009;
- (4) discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 114, "*The Auditor's Communication with Those Charged with Governance*", as adopted by the Public Company Accounting Oversight Board, including Ernst & Young LLP's judgment about the quality, in addition to the acceptability, of our accounting principles and underlying estimates in our financial statements; and
- (5) received the written disclosures and the letter from Ernst & Young LLP required by Rule 3526 of the Public Company Accounting Oversight Board, "Communication with Audit Committees Concerning Independence", and discussed with the independent accountants their independence from management and from us.

Based upon these reviews and discussions, the Audit Committee recommended, and the Board approved, that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended July 3, 2009 for filing with the SEC.

Respectfully submitted,  
THE AUDIT COMMITTEE

Donald E. Kiernan, Chairman  
Albert A. Pimentel  
Frank J. Biondi, Jr.  
Lydia M. Marshall  
Gregorio Reyes

August 14, 2009

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**COMPENSATION DISCUSSION & ANALYSIS**

The Compensation Discussion and Analysis provides information and perspective about the compensation of the NEOs listed in the Summary Compensation Table below.

***Our Executive Compensation Strategy***

Seagate recognizes the importance of technology innovation and leadership for success and aims to reward executives accordingly. Our executive compensation program is designed to drive high performance, strengthen our market position, and increase shareholder value. The goals of our executive compensation programs are to:

- attract and retain talented leaders through competitive pay programs;
- motivate executives to achieve and exceed business objectives as approved by the Board;
- align executive and shareholder interests to optimize shareholder return; and
- manage total compensation costs in support of our financial performance.

***Role of Our Compensation Committee***

The Compensation Committee, composed of independent directors, determines our executive compensation strategy and authorizes all compensation and rewards for our Executives, including the NEOs. The Compensation Committee reviews changes to CEO compensation with the independent directors of the Board prior to final approval and reports regularly to the full Board regarding changes to executive compensation.

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***Our Executive Compensation Program***

Executive compensation at Seagate consists of five elements, each designed to support our compensation strategy goals, as follows:

<b>Compensation Element</b>	<b>Designed to Reward</b>	<b>Relationship to the Strategy Goal</b>
<b>Base Salary</b>	Related job experience, knowledge of Seagate and our industry, and continued dedicated employment with sustained performance	Attract and retain talented Executives through competitive pay programs
<b>Variable Pay</b> <i>Executive Officer Performance Bonus Plan (EPB)</i>	Achievement of financial and operational goals for each fiscal year	Motivate Executives to achieve and exceed annual business objectives
<b>Long-term Equity Incentives</b> <i>Option Awards and Stock Awards</i>	Increased shareholder value through achievement of long-term strategic goals such as revenue growth and margin targets	Align Executive and shareholder interests to optimize shareholder return Motivate Executives to achieve and exceed business objectives
<b>Severance Payments</b>	Continued dedicated employment, especially during periods of business uncertainty	Attract and retain talented Executives through competitive pay programs Align Executive and shareholder interests to optimize shareholder return
<b>Benefits and Perquisites</b>	Continued dedicated employment	Attract and retain talented Executives through competitive pay programs Manage total compensation costs

***Executive Compensation Program Changes***

Changes to our executive compensation programs for fiscal year 2009, which are further described in the appropriate sections of this CD&A, include:

revision of our executive compensation strategy and defined Peer Group. Reduce the target total compensation (including base salary, annual incentive and long-term incentives) benchmark for NEOs to the 60<sup>th</sup> percentile of market for similar positions within our Peer Group from the previous level of the 75<sup>th</sup> percentile;

temporary reduction in Executive base salaries;

elimination of Executive perquisite allowance for fiscal year 2010 and future fiscal years;

adoption of the Seagate Technology Compensation Recovery for Fraud or Misconduct Policy (the "Pay Recovery Policy");  
and

adoption of the Seagate Technology Executive Officer Severance and Change in Control (CIC) Plan (the "Severance Plan") including amendments to the Severance Plan in April 2009 and at the end of the fiscal year in light of market pressures during the second half of 2009.

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The NEOS for fiscal year 2009 are:

<b>Name</b>	<b>Job Title</b>
Stephen J. Luczo <sup>(1)</sup>	Chairman, President and CEO
Patrick J. O'Malley <sup>(2)</sup>	Executive Vice President and CFO
Robert W. Whitmore <sup>(3)</sup>	Executive Vice President and Chief Technology Officer
William D. Mosley <sup>(4)</sup>	Executive Vice President, Sales, Marketing and Product Line Management
D. Kurt Richarz <sup>(5)</sup>	Executive Vice President, Sales
William D. Watkins <sup>(6)</sup>	Former CEO
Charles C. Pope <sup>(7)</sup>	Former CFO, continuing Business Development Officer
David A. Wickersham <sup>(8)</sup>	Former President and COO
Brian S. Dexheimer <sup>(9)</sup>	Former Division President

- (1) Mr. Luczo commenced employment as Chairman, President and CEO on January 12, 2009.
- (2) Mr. O'Malley was promoted to his role as Executive Vice President and CFO on August 25, 2008. He was an Executive during all of fiscal year 2009.
- (3) Mr. Whitmore assumed additional responsibilities previously performed by Mr. Wickersham on January 12, 2009 (see footnote 8 below). He is the most highly compensated Executive exclusive of the CEO and CFO. He was an Executive during all of fiscal year 2009.
- (4) Mr. Mosley was promoted to his current role on February 9, 2009 and is the second most highly compensated Executive exclusive of the CEO and CFO. He was an Executive during all of fiscal year 2009.
- (5) Mr. Richarz transitioned to his current role on February 9, 2009 and is the third most highly compensated Executive exclusive of the CEO and CFO. He was an Executive during all of fiscal year 2009.
- (6) Mr. Watkins' tenure as CEO ended on January 12, 2009 and his employment ended effective February 4, 2009. He is included as an NEO due to serving a portion of fiscal year 2009 as CEO.
- (7) Mr. Pope ended his CFO role effective August 25, 2008, and continues to serve as Seagate's Business Development Officer. He was no longer an Executive as of March 2, 2009 and is reported due to serving a portion of fiscal year 2009 as CFO.
- (8) Mr. Wickersham's employment ended on January 12, 2009. He is reported because he is a former Executive of the Company and his total compensation is greater than the third most highly compensated Executive exclusive of the CEO and CFO.
- (9) Mr. Dexheimer's role as Division President, Consumer Solutions ended effective February 26, 2009. He was no longer an Executive as of March 2, 2009 and his employment ended on July 3, 2009. He is reported because he is a former Executive of the Company and his total compensation is greater than the third most highly compensated Executive exclusive of the CEO and CFO.

### ***Executive Market Comparison Peer Group***

The Compensation Committee reviews Executive assignments and establishes targets for each element of Executive pay after reviewing similar information for a defined group of companies that compete for similar Executive talent (Peer Group). The Compensation Committee relies on analyses of disclosures and published surveys of compensation at Peer Group companies when determining compensation for Executives in similar roles.

The fiscal year 2009 Peer Group consisted of organizations that are:

similar in global scope, complexity, and revenue;



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within Seagate's industry segment (Dow Jones Technology Hardware and Equipment Top Cap Index);

key suppliers, original equipment manufacturers, or labor market competitors; and

generally producing annual revenue greater than \$1.5 billion.

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**Fiscal Year 2009 Peer Group through April 29, 2009**

Advanced Micro Devices, Inc.	LSI Corp
Agilent Technologies, Inc.	Marvell Technology Group Ltd.
Apple Inc.	Micron Technology, Inc.
Applied Materials, Inc.	Microsoft Corporation
Broadcom Corporation	Motorola, Inc.
Cisco Systems, Inc.	NCR Corporation
Corning Incorporated	NetApp, Inc.
Dell Inc.	NVIDIA Corporation
EMC Corporation	Pitney Bowes, Inc.
Harris Corporation	Qualcomm, Inc.
Hewlett-Packard Co.	SanDisk Corporation
Intel Corporation	Sun Microsystems, Inc.
International Business Machines Corporation	Texas Instruments, Inc.
Juniper Networks, Inc.	Western Digital Corporation
KLA-Tencor Corporation	Xerox Corporation
Lexmark International, Inc.	Xilinx, Inc.

During fiscal year 2009, we reviewed our current Peer Group and, in line with shareholder advisory group best practice recommendations, revised the selection criteria as follows in order to select the companies that are the most similar to Seagate. The revised selection process was:

Identify possible peer companies based on Global Industry Classification and Standard Industrial Classification codes;

Exclude companies that do not file proxies with the SEC;

Exclude companies that fall outside of the range of \$3.3 to \$40 billion in trailing twelve month ("TTM") Sales; and

Select only companies with ratio of TTM Sales to market capitalization comparable to Seagate, between 0.33 and 4.0 to most closely align with the type of customers and current capital model of Seagate.

The sixteen companies selected using this process were all in the Peer Group used at the beginning of fiscal year 2009. Based on a comparison of current compensation levels in the original Peer Group and the revised Peer Group, the Compensation Committee determined that the use of the revised Peer Group should not significantly affect decisions made with respect to the compensation of Seagate's Executives since the compensation levels are reasonably consistent between both groups. The following revised Peer Group was used for compensation program analyses and comparisons after April 29, 2009. The Compensation Committee used this revised Peer Group in fiscal year 2010 when approving the changes to the level of benefits under the Severance Plan.

**Revised Peer Group for Fiscal Year 2010**

Advanced Micro Devices, Inc.	Lexmark International, Inc.
Apple Inc.	Micron Technology, Inc.
Broadcom Corporation	Motorola, Inc.
Cisco Systems, Inc.	NetApp, Inc.
EMC Corporation	NVIDIA Corporation
Harris Corporation	SanDisk Corporation
Intel Corporation	Texas Instruments, Inc.
Juniper Networks, Inc.	Western Digital Corporation

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***Role of Compensation Consultants***

The Compensation Committee retained F.W. Cook, its own independent consultant, for advice and counsel throughout fiscal year 2009 to provide an external review of compensation proposals and to help align compensation to Seagate's Executive compensation strategy. The Compensation Committee approved the following scope of services for the independent consultant:

Comment on management proposals to the Compensation Committee, including Executive pay philosophy, strategy and mix of elements;

Advise the Compensation Committee regarding the Peer Group and market targets used for competitive comparisons;

Advise the Compensation Committee regarding incentive plans, performance measures and targets;

Develop recommendations to the Compensation Committee for changes to CEO pay, and advise the Compensation Committee regarding management proposals on pay to other NEOs;

Advise the Compensation Committee on proposed employment, severance and change-in-control policies or agreements; and

Advise the Compensation Committee regarding disclosures, shareholder proposals, and on trends and best practices in Executive and director pay.

F.W. Cook focused on the following changes and supporting consultation during the fiscal year:

Development of the CEO compensation proposal with respect to the selection of Mr. Luczo to replace Mr. Watkins as CEO;

Terms of separation for Mr. Wickersham and Mr. Watkins;

Revision to the Peer Group;

Review of fiscal year 2009 mix of equity awards (option and stock awards) and guidelines for awarding equity awards to new hires;

Adoption of the Pay Recovery Policy;

Review of compensation trends and regulatory changes; and

Terms of the Severance Plan.

F.W. Cook may not provide services to Company management except as directed by the Compensation Committee. F.W. Cook did not provide any services to Seagate other than those provided to the Compensation Committee in fiscal year 2009.

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Seagate's Human Resources department retained Hewitt Associates, Inc. throughout the year to advise and assist in the development of proposals to the Compensation Committee. These included equity awards, cash-based variable pay plan design, stock ownership guidelines, and the Pay Recovery Policy.

### *How We Determine Individual Compensation Amounts*

We review with the Compensation Committee all compensation elements for NEOs at least annually and the Compensation Committee determines the value of each compensation element as described below. The proportion of each pay element value (the mix) relative to total compensation varies by position, although for all NEOs, the largest portion of pay is variable and contingent on the Company's performance. Variations in mix among NEOs reflect differences in scope of responsibility as well as Peer Group market data. The Compensation Committee has determined that pay levels among Peer Group CEOs are much greater and more heavily leveraged toward variable pay elements when compared with pay levels for other Peer Group NEOs, reflecting the significant differences in job scope, responsibility and impact for CEOs compared with other Executive positions. At the end of fiscal year 2009, the mix of target total compensation for the CEO, Mr. Luczo and the average mix of

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total target compensation for other current NEOs (Messrs. O'Malley, Whitmore, Mosley, and Richarz) was:

**CEO**

**Average for Other NEOs**

- 
- (1) Base salaries prior to the reduction are shown here as the reductions are expected to be temporary.
- (2) Does not include Long Term International Assignment expatriate benefits paid to Mr. Mosley. For details on these benefits see the section titled "Long Term International (Expatriate) Assignment Policy".

In January 2009, the Compensation Committee reduced the total compensation market target (including base salary, annual incentive and long-term incentives) for NEOs to the 60<sup>th</sup> percentile for similar positions within the Peer Group from the previous level of the 75<sup>th</sup> percentile, which had been in place since fiscal year 2004. The revised market target was adopted to align compensation costs with current financial performance and to be more consistent with base salary targets for other employee groups. We believe targeting the total Executive pay opportunity at the 60<sup>th</sup> percentile is necessary to attract and retain top leadership talent in a competitive labor market in our volatile industry segment.

We do not compare the performance of our Company with the performance of the Peer Group companies when making compensation determinations for our NEOs. Individual compensation levels and the process for determining each element of compensation are made using the criteria and following the process described in more detail below. In general, the Compensation Committee, in consultation with F.W. Cook and the independent members of the Board, determines each element of the CEO's compensation. With respect to the other NEOs, the Compensation Committee determines each element of compensation, also in consultation with F.W. Cook, based on recommendations from the CEO.

***Base Salary***

Base salaries are the fixed annual cash amounts paid to Executives on a biweekly basis. In reviewing and determining base salaries, the Compensation Committee considers:

competitive market levels for comparable positions in the Peer Group;

related experience;

expected future contributions;

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overall ability to influence Seagate's business objectives and strategic impact of the role; and

the ease or difficulty to replace the incumbent.

In January 2009, the competitive target for our NEOs' base salaries was reduced from the 75<sup>th</sup> to the 50<sup>th</sup> percentile of the Peer Group as part of the change to reduce target total compensation to the 60<sup>th</sup> percentile and to provide greater emphasis on compensation to the NEOs through the use of variable pay. NEO base salaries at the end of the fiscal year 2009 are below the estimated 50<sup>th</sup> percentile of the Peer Group due to the temporary reduction in base salaries as described below. Salaries are expected to return to the prior levels when business conditions improve and in conjunction with restored salary levels for all employee groups which were previously reduced. Salaries are generally

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reviewed annually during the second quarter of each fiscal year and occasionally during the year to reflect significant changes in Executive scope of responsibility and/or market conditions. There were several changes to base salaries during fiscal year 2009 as a result of a significant reorganization of Executive roles within the Company and in response to external pressures adversely impacting our business outlook due to the recent global economic downturn. An NEO's individual performance was not a factor in determining his base salary during fiscal year 2009; however, the Company's financial performance led to the salary reductions for all NEOs and management employees.

NEO salaries were not increased during the annual review in September 2008 as they were at the target market level (which was at that time the 75<sup>th</sup> percentile of the market for a similar job in the Peer Group).

In February 2009, the Company implemented a temporary base salary reduction for all management employees in connection with the Company's overall cost reduction strategy. Base salaries were reduced by 25% for Executives who were NEOs on February 2, 2009 (Mr. Mosley's base salary was reduced by 20%, which was the level of reduction used for Mr. Mosley and other executives at the Senior Vice President level) and will be reviewed again at such time as business conditions improve and in reference to Peer Group comparison salary levels at that time.

In April 2009, the Compensation Committee approved a proposal to eliminate the Executive cash perquisite allowance by converting the existing perquisite amount into base salary effective July 1, 2009, which increased base salary but did not change total pay. We do not anticipate reinstating the Executive cash perquisite allowance. This conversion aligns with market trends and will simplify decision making and disclosure on total compensation for Executives.

The table below is provided to explain the changes to NEO base salaries during the fiscal year:

Name	Annual Salary At Fiscal Year Start (\$)	% Salary Change (Change in Role)	Annual Salary Prior to Reductions (\$)	% Salary Change (Reductions) effective February 2, 2009	Annual Salary After Reductions (\$)	% Salary Change (Perquisites Conversion) effective July 1, 2009	Annual Salary At Fiscal Year End (\$)	% Salary Change for Fiscal Year
Stephen J. Luczo <sup>(1)</sup>			1,000,002	(25.0)%	750,006	3.2%	774,030	(22.6)%
Patrick J. O'Malley <sup>(2)</sup>	367,515	33.3%	490,006	(25.0)%	367,515	6.5%	391,539	6.5%
Robert W. Whitmore <sup>(3)</sup>	550,014	18.2%	650,000	(25.0)%	487,510	4.9%	511,534	(7.0)%
William D. Mosley <sup>(4)</sup>	450,008			(20.0)%	360,006	6.4%	399,048	(11.3)%
D. Kurt Richarz	450,008			(25.0)%	337,522	7.1%	361,546	(19.7)%
William D. Watkins <sup>(5)</sup>	1,000,002							
Charles C. Pope <sup>(6)</sup>	721,011	(51.5)%	350,002	(25.0)%	262,517	9.2%	286,541	(60.3)%
David A. Wickersham <sup>(7)</sup>	806,000							
Brian S. Dexheimer <sup>(8)</sup>	691,226			(25.0)%	518,419		518,419	(25.0)%

- (1) Mr. Luczo commenced employment as Chairman, President and CEO on January 12, 2009.
- (2) Mr. O'Malley became Executive Vice President and CFO on August 25, 2008 and his base salary increased 33% to \$490,006.
- (3) In January 2009, in connection with a reorganization of Executive duties, Mr. Whitmore's salary was increased by 18.2% to \$650,000 to reflect the broadening of his job responsibilities following the resignation of Mr. Wickersham as the Company's President and COO. The competitive target during this analysis was the 50<sup>th</sup> percentile for similar jobs within the Peer Group.
- (4) Mr. Mosley received a salary increase of 4.2% to \$375,024 on February 9, 2009 (after the salary reductions) to reflect the broadening of his job responsibilities in connection with changes in Executive duties and scope of responsibility.

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- (5) Mr. Watkins ended his CEO role on January 12, 2009 and resigned employment on February 4, 2009.
- (6) Mr. Pope, our former CFO, became Business Development Officer and his salary was reduced 51.5% to \$350,002.
- (7) Mr. Wickersham resigned employment on January 12, 2009.
- (8) Mr. Dexheimer resigned employment on July 3, 2009 and was not eligible for the perquisite allowance conversion.



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*Variable Pay*

All Executives participate in the Executive Officer Performance Bonus Plan ("EPB") approved by shareholders which is designed to promote achievement of our annual financial and operational goals. Annual bonus award payments under the EPB are intended to qualify as performance pay under section 162(m) of the Code. Target award opportunities (a percentage of base salary determined without taking into account the reduction described above) for each NEO reflect competitive market levels for comparable positions in the Peer Group at the 60<sup>th</sup> percentile. Actual cash compensation may be above or below this level based on actual results. The Compensation Committee determines the CEO's target and actual bonus payment under the EPB after consideration of the Company's performance and the CEO's achievement of Company goals and in consultation with the Compensation Committee's independent consultant and the independent directors of the Board. Individual awards for other NEOs are determined by the Compensation Committee after reviewing the Executive's individual performance and the CEO's recommendation.

Funding of the EPB is based on the Company's financial results measured by Adjusted non-GAAP EPS ("AEPS") and Reliability Quality Competitiveness ("RQC"). AEPS is diluted EPS under GAAP, excluding the impact of non-operating activities and material, unusual or nonrecurring gains and losses, accounting charges or other extraordinary events which were not budgeted and were not foreseen at the time the applicable AEPS performance target was established. All adjustments are reviewed and approved by the Compensation Committee. RQC is measured by the percentage of customers that rank our reliability and integration quality in the top 50% as compared to our competitors. While Seagate tracks many operational and strategic performance goals throughout the year, AEPS is a critical measure of the Company's success in achieving profitable growth for shareholders and RQC is important for long term market share growth due to product quality being a key competitive advantage. The Compensation Committee reviews and certifies EPB targets and results annually.

For fiscal year 2009, the EPB was structured as follows with the target level of AEPS set at a level considered difficult to attain and the maximum level of AEPS which would be unlikely without extraordinary financial performance:

As part of the EPB funding target, the Compensation Committee previously approved a \$2 million Supplemental Award Pool to be added to the EPB for potential payment to Executives in proportion to their individual bonus targets as a percentage of all Executives. For fiscal year 2010 and forward, the Compensation Committee has eliminated the Supplemental Award Pool to better align bonus funding with the disclosed targets. Seagate's fiscal year 2009 performance did not achieve the threshold level of AEPS and therefore no bonus was paid to any NEO or other Executive. The RQC goal is difficult to achieve and was not met for fiscal year 2009 and as a result the funding would not have been increased by 10% had the threshold level of AEPS been achieved. The Compensation Committee did not consider awarding the Supplemental Award Pool because final AEPS was below the threshold level.

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***Long-Term Equity Incentives***

In fiscal year 2009, the Compensation Committee awarded equity awards to the NEOs under the terms of our 2004 Plan. This plan is designed to:

focus Executives on achieving longer-term business performance goals;

provide significant award potential for outstanding cumulative performance by Seagate;

enhance the Company's ability to attract and retain highly talented Executives; and

provide the Executive team with an oppo