

Seagate to buy Samsung's hard disk drive business

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Seagate is buying the hard disk drive business of Samsung in a \$1.38 billion deal that also gives the South Korean electronics manufacturer a nearly 10 percent stake in Seagate.

The deal further consolidates the hard drive industry that just last month saw Seagate rival Western Digital Corp. agree to snap up Hitachi Global Storage Technologies for \$4.3 billion.

[Seagate Technology](#) and [Samsung Electronics](#) Co. said Tuesday they also agreed to extend their patent cross-licensing agreement and co-develop business data storage products.

Samsung has agreed to supply Seagate with chips for its hard drives. Seagate, meanwhile, will supply disk drives for Samsung's PCs, [notebook computers](#) and consumer electronics.

In addition, a Samsung executive will be nominated to join Seagate's board. Samsung plans to pay Seagate in cash and stock.

Western Digital's Hitachi deal and the Seagate-Samsung agreement leaves Toshiba Corp. as the only remaining player in the industry that's been consolidating aggressively for decades. Traditional hard drives are facing stiff competition from a new type of [storage technology](#), called solid-state [flash memory](#). Tablets and smart phones, which are growing more popular than traditional desktop PCs for their portability and convenience use solid-state memory.

Steve Luczo, Seagate's chairman, president and CEO, said the company expects to deliver a broader range of storage technologies to its customers thanks to the Samsung deal. Both companies say the agreement will help them respond to the evolving data storage market - which now includes mobile computing, solid state storage and cloud computing - faster. "Cloud computing" refers to storing data on remote servers and accessing it through an Internet connection, rather than keeping it on users' own hard drives.

The companies expect to close the transaction by the end of the year. It must still be approved by U.S. and international regulators.

Shares of Seagate, which is based in Dublin and operates out of Scotts Valley, Calif., slipped 9 cents to \$17.75 in morning trading.

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