

ADAPTEC INC
Form DEFC14A
September 25, 2009

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN CONSENT STATEMENT

SCHEDULE 14A INFORMATION

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 Under Rule 14a-12

ADAPTEC, INC.
(Name of Registrant as Specified in Its Charter)

STEEL PARTNERS II, L.P.
STEEL PARTNERS HOLDINGS L.P.
STEEL PARTNERS LLC
STEEL PARTNERS II GP LLC
WARREN G. LICHTENSTEIN
JACK L. HOWARD
JOHN J. QUICKE

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

STEEL PARTNERS II, L.P.

590 Madison Avenue, 32nd Floor
New York, New York 10022

September 25, 2009

Dear Adaptec Stockholder:

Steel Partners II, L.P. (“SP II” or “we”) is the beneficial owner of an aggregate of 13,160,669 shares of Common Stock of Adaptec, Inc. (“Adaptec” or the “Company”), representing approximately 10.9% of the outstanding Common Stock of the Company. In 2007, we sought representation on the Board of Directors of Adaptec (the “Board”) due to our concerns over failed business plans, failed acquisitions and poor operating and financial performance under the stewardship of the then-existing Board. We believed that stockholders required and deserved a significant voice on the Board to protect stockholders’ interests in light of the significant deterioration in performance and value and believed that new directors were needed to provide assistance and oversight, while ensuring that the interests of the Board and the Company were properly aligned.

In December 2007, after months of negotiations, SP II and the Company entered into a settlement, pursuant to which three new directors joined the Adaptec Board. Since joining the Board, these new directors have worked vigorously and diligently with the Board and the Company’s President and Chief Executive Officer, Subramanian “Sundi” Sundaresh, to try to improve current operating results and to create value for all stockholders.

Our sincere hope was that the Company had entered into the settlement in good faith, with proper intentions and with a true desire to work constructively with the new directors to enhance stockholder value. Unfortunately, we now realize that was not the case. We were shocked and disappointed to learn that certain members of the Board met in private with the Company’s outside counsel the morning of August 27, 2009 prior to meetings of the full Board held later that day. We believe these directors sought advice from Company counsel in connection with their proposal to remove Jack Howard as Chairman of the Board and to install Joseph Kennedy in his place and their intention to inform the full Board of a plan to reduce the size of the Board from nine (9) members to seven (7) members and to not re-nominate two of the three directors originally elected as part of the December 2007 settlement.

We believe these actions were part of a plan by Sundi Sundaresh, Jon S. Castor, Joseph S. Kennedy, Robert J. Loarie and Douglas E. Van Houweling (the “Legacy Directors”), who were all members of the Adaptec Board before our two representatives and two other directors joined the Board, to preserve Mr. Sundaresh in his position as CEO, despite concerns raised by certain members of the Board with his recent performance, and to entrench the Legacy Directors.

First, acting through the Chairman of the Governance and Nominating Committee, Douglas E. Van Houweling, the Legacy Directors informed the Board of their intention to propose to reduce the size of the Board from nine (9) members to seven (7) members and to not re-nominate two of the three directors originally elected as part of the December 2007 settlement in the Company’s slate of nominees at the 2009 Annual Meeting. While the Legacy Directors maintain that the Governance and Nominating Committee merely informed the Board that it was considering whether it was in the best interests of the Company that the size of the Board be reduced from nine members to seven members, Messrs. Howard and Quicke recall that Mr. Van Houweling informed the Board that it was the Governance and Nominating Committee’s “decision” to reduce the size of the Board to seven members and asked Mr. Howard which director appointed to the Board as a result of the December 2007 settlement Steel Partners wanted to remain on the Board.

The takeover at the Board meeting then continued with a proposal by Mr. Van Houweling to remove Jack Howard as Chairman of the Board (a non-executive position) and to install Joseph Kennedy, a Legacy Director who is currently unemployed since his exit as the Chief Executive Officer of Omneon, Inc., in a position in which he would function as an “executive” Chairman. The Legacy Directors maintain that the label “executive” Chairman was merely discussed on August 27, 2009 and that company counsel advised the Board that Adaptec’s Bylaws did not have a designation for an Executive Chairman. Messrs. Howard and Quicke recall that the Board did, in fact, vote to install Mr. Kennedy as Executive Chairman at the August 27th Board meeting, and it was not until the September 4th Board meeting that company counsel informed the Board that a mistake had been made. Messrs. Howard and Quicke urged the Board that to correct the mistake, the Board should first vote to remove Mr. Kennedy as Executive Chairman, as had been approved by the Board, and then vote to elect him correctly as Chairman of the Board. This approach was rejected and certain members of the Board took the position that the Board had elected Mr. Kennedy as an unofficial “executive” Chairman as opposed to an official Executive Chairman at the August 27th Board meeting. Also, despite requests by the four other directors to put the Chairman vote off for a few days so a job description could be prepared by the Committee and a salary could be recommended for this position by the Compensation Committee, Mr. Van Houweling and the other Legacy Directors insisted that the vote be taken immediately.

We believe the best way to maximize stockholder value at Adaptec is through a sale of the Company’s business operations to the highest bidder and to subsequently monetize the Company’s intellectual property, real estate and tax assets. The Legacy Directors are keenly aware of our position and strong belief that the Company should not pursue additional acquisitions. While we cannot be certain, we believe that at least part of the Legacy Directors’ motivation in taking these actions was to pave the way for the Company to seek to conduct one or more acquisitions, which, if consummated, could utilize a significant portion of the Company’s cash on hand. Given the Company’s poor financial performance and the recent acquisition of Aristos Logic Corporation (“Aristos”), for which the Company recorded an impairment charge of \$16.9 million to write-off goodwill in the fourth quarter of fiscal 2009, we do not believe the Company should conduct any further acquisitions while stockholder value continues to erode and the current operations lose money. It is the stockholders who have been harmed by the Company’s failed business strategy and acquisition mistakes, and, in our mind, the stockholders should not bear the risk of pursuing additional acquisitions at this time.

We believe the actions taken by certain of the Legacy Directors in removing and replacing Jack Howard as Chairman and in informing the Board of their intent, after the nomination deadline had passed in connection with the 2009 Annual Meeting, not to re-nominate potentially two of the three directors originally elected as part of the December 2007 settlement, serve to disenfranchise stockholders and entrench the Legacy Directors and go against basic corporate governance principles. We further note that in being removed as Chairman of the Board, Mr. Howard lost the authority, as Chairman, to call a special meeting of the Company’s stockholders. Though we cannot be certain, we question whether this was part of the motivation of the Legacy Directors in removing Mr. Howard as Chairman.

We do not believe it a coincidence that this series of events transpired only after the nomination deadline in connection with the Company's 2009 Annual Meeting had passed, leaving us with little choice to protect stockholders' rights but to commence this consent solicitation. We have informed the Legacy Directors that we would be willing to cease this consent solicitation if the Board were to amend the advance notice provisions in the Company's Bylaws to allow us to nominate directors for the upcoming 2009 Annual Meeting and to agree that any acquisition by the Company or any of its subsidiaries for a purchase price (whether in cash and/or stock) in excess of \$100 million would be put to a stockholder vote.

We have been negotiating a potential resolution to this matter with the Board in which we would agree to withdraw this consent solicitation and the Board would allow us to nominate a slate of directors for election at the 2009 Annual Meeting. On September 12, 2009, the Company sent us a lengthy draft settlement proposal that also included an eighteen-month standstill and certain other provisions that we do not believe are warranted under the circumstances and that were unacceptable to us. We did not think it was appropriate or productive to start negotiating this draft settlement. In a response to the Company on September 14, 2009, we included a draft settlement proposal pursuant to which the Company would agree to amend the advance notice provision in the Company's Bylaws to re-open the window for director nominations at the 2009 Annual Meeting and we would withdraw our consent solicitation. The Company rejected this approach. While we have continued to discuss the terms of a possible settlement, to date, we have not been able to reach a mutually acceptable resolution to this matter.

We are sending you the attached Consent Statement and the accompanying WHITE consent card because we are soliciting consents from Adaptec's stockholders to remove without cause two current members of the Board, Messrs. Sundaresh and Loarie, and to take certain other actions described in the attached Consent Statement. The Board is currently comprised of a single class of nine (9) members. Our proposals, if approved, would have the effect of reducing the number of current members serving on the Board to seven (7).

Through the enclosed Consent Statement, we are soliciting your consent for a number of proposals, the effect of which will be to remove two members of the Board of Directors and to fix the size of the Board at seven (7) members. By providing your consent, you will help to right the wrongs of the Legacy Directors and ensure that your best interests are being looked after on the Board. We urge all stockholders to support this effort.

We urge you to carefully consider the information contained in the attached Consent Statement and then support our efforts by signing, dating and returning the enclosed WHITE consent card today. The attached Consent Statement and the enclosed WHITE consent card are first being furnished to the stockholders on or about September 29, 2009. We urge you not to sign any revocation of consent card that may be sent to you by Adaptec. If you have done so, you may revoke that revocation of consent by delivering a later dated WHITE consent card to SP II, in care of MacKenzie Partners, Inc., which is assisting us, at their address listed on the following page, or to the principal executive offices of Adaptec.

If you have any questions or require any assistance with your vote, please contact MacKenzie Partners, Inc. at their address and toll-free number listed on the following page.

Thank you for your support,

Warren G. Lichtenstein
Steel Partners II, L.P.

If you have any questions, require assistance in voting your WHITE consent card, or need additional copies of Steel Partners II, L.P.'s consent solicitation materials, please call MacKenzie Partners, Inc. at the phone numbers listed below.

105 Madison Avenue
New York, NY 10016
proxy@mackenziepartners.com

(212) 929-5500 (Call Collect)

or

TOLL-FREE (800) 322-2885

ADAPTEC, INC.

CONSENT STATEMENT

OF

STEEL PARTNERS II, L.P.

PLEASE SIGN, DATE AND MAIL THE ENCLOSED WHITE CONSENT CARD TODAY

This Consent Statement and the enclosed WHITE consent card are being furnished by Steel Partners II, L.P., a Delaware limited partnership, (“SP II”) in connection with our solicitation of written consents from you, holders of shares of Common Stock, par value \$0.001 per share (the “Common Stock”), of Adaptec, Inc., a Delaware corporation (“Adaptec” or the “Company”). A solicitation of written consents is a process that allows a company’s stockholders to act by submitting written consents to any proposed stockholder actions in lieu of voting in person or by proxy at an annual or special meeting of stockholders. We are soliciting written consents from the holders of shares of Common Stock to take the following actions (each, as more fully described in this Consent Statement, a “Proposal” and together, the “Proposals”), in the following order, without a stockholders’ meeting, as authorized by Delaware law:

Proposal No. 1 – Repeal any provision of the Amended and Restated Bylaws of Adaptec (“the Bylaws”) in effect at the time this proposal becomes effective that was not included in the Bylaws that became effective on May 6, 2009 and were filed with the Securities and Exchange Commission on May 12, 2009 (the “Bylaw Restoration Proposal”);

Proposal No. 2 – Remove without cause two members of Adaptec’s Board of Directors (the “Board”), Subramanian “Sundi” Sundaresh and Robert J. Loarie and any person elected or appointed to the Board to fill any vacancy on the Board or any newly-created directorships prior to the effective date of this proposal (the “Removal Proposal”); and

Proposal No. 3 – Amend Section 2.1 of the Bylaws, as set forth on Schedule I to this Consent Statement, to fix the number of directors serving on the Board at seven (7) (the “Authorized Director Proposal” and together with the Bylaw Restoration Proposal and the Removal Proposal, the “Proposals”).

SP II, Steel Partners Holdings L.P., a Delaware limited partnership (“SPH”), Steel Partners LLC, a Delaware limited liability company (“Steel Partners”), Steel Partners II GP LLC, a Delaware limited liability company (“SP II GP”), Warren G. Lichtenstein, Jack L. Howard and John J. Quicke are members of a group (the “Group”) formed in connection with this consent solicitation and are deemed participants in this consent solicitation. See “Additional Information Concerning the Participants.”

This Consent Statement and the enclosed WHITE consent card are first being sent or given to the stockholders of Adaptec on or about September 29, 2009 (the "Mailing Date").

We are soliciting your consent in favor of the adoption of the Removal Proposal and the Authorized Director Proposal because we do not believe Messrs. Sundaresh and Loarie have been acting in the best interests of the Company's stockholders. We are engaging in this consent solicitation in response to certain actions by certain members of the Board that appear to have been designed to diminish representation on the Board by the Company's largest stockholder, preserve Mr. Sundaresh in his position as Chief Executive Officer and to entrench certain members of the Board. If successful in our consent solicitation, the three directors originally elected as part of the December 2007 settlement, Jack Howard, John Mutch and John Quicke, will comprise three (3) seats on a seven (7) member Board. In commencing this Consent Solicitation, we are not attempting to take control of the Company. Even if successful, the directors originally elected as part of the December 2007 settlement will comprise a minority of the Board.

In addition, we are also soliciting your consent in favor of the adoption of the Bylaw Restoration Proposal to ensure that the incumbent Board does not limit the effect of your consent to the removal of Messrs. Sundaresh and Loarie as set forth herein or the fixing of the size of the Board through changes to the Bylaws not filed with the SEC on or before May 12, 2009, which have the effect of limiting existing stockholders' rights and abilities to take action in their capacity as stockholders of Adaptec.

On September 3, 2009, SP II delivered to the Secretary of Adaptec a written request for the Board to fix a record date in accordance with the Bylaws for determining stockholders entitled to give their written consent to the Proposals (the "Record Date"). Under the applicable provisions of the Bylaws, stockholders of record as of the close of business on the Record Date will be entitled to one vote for each share of Common Stock.

SP II URGES YOU TO SIGN, DATE AND RETURN THE WHITE CONSENT CARD IN FAVOR OF THE PROPOSALS DESCRIBED HEREIN.

The effectiveness of each of the Proposals requires the affirmative consent of the holders of record of a majority of the Common Stock outstanding as of the close of business on the Record Date. Each Proposal will be effective without further action when we deliver to Adaptec such requisite number of consents. Neither the Bylaw Restoration Proposal nor the Removal Proposal is subject to, or is conditioned upon, the effectiveness of the other Proposals. The Authorized Director Proposal is conditioned upon the removal of both Messrs. Sundaresh and Loaries pursuant to the Removal Proposal. If either Mr. Sundaresh or Mr. Loarie is not removed pursuant to the Removal Proposal, then the size of the Board will remain at nine (9) with an ensuing vacancy.

In addition, none of the Proposals will be effective unless the delivery of the written consents complies with Section 228(c) of the Delaware General Corporation Law ("DGCL"). For the Proposals to be effective, properly completed and unrevoked written consents must be delivered to Adaptec within sixty (60) days of the earliest dated written consent delivered to Adaptec. SP II delivered its signed written consent to Adaptec on September 3, 2009. Consequently, by November 2, 2009, the Group will need to deliver properly completed and unrevoked written consents to the Proposals from the holders of record of a majority of the shares of Common Stock outstanding as of the close of business on the Record Date. We intend to set October 23, 2009 as the goal for submission of written consents.

WE URGE YOU TO ACT TODAY TO ENSURE THAT YOUR CONSENT WILL COUNT. SP II reserves the right to submit to Adaptec consents at any time within 60 days of the earliest dated written consent delivered to Adaptec. See "Consent Procedures" for additional information regarding such procedures.

As of the Mailing Date, the members of the Group were the beneficial owners of an aggregate of 13,191,919 shares of Common Stock, which currently represent approximately 10.9% of the issued and outstanding shares of Common Stock. The Group intends to express consent in favor of the Proposals with respect to all of such shares of Common Stock.

As of the Record Date, there were 120,522,797 Shares outstanding, as reported in Amendment No. 2 to the Company's Preliminary Consent Revocation Statement filed with the Securities and Exchange Commission on September 23, 2009. The mailing address of the principal executive offices of Adaptec is 691 South Milpitas Boulevard, Milpitas, California 95035.

We urge you to vote in favor of the Proposals by signing, dating and returning the enclosed WHITE consent card. The failure to sign and return a consent will have the same effect as voting against the Proposals. Please note that in addition to signing the enclosed WHITE consent card, you must also date it to ensure its validity.

THIS CONSENT SOLICITATION IS BEING MADE BY SP II AND NOT BY OR ON BEHALF OF THE COMPANY. SP II URGES YOU TO SIGN, DATE AND RETURN THE WHITE CONSENT CARD IN FAVOR OF THE PROPOSALS DESCRIBED HEREIN.

Important Notice Regarding the Availability of Consent Materials for this Consent Solicitation

This Consent Statement is available at www.ourmaterials.com/steelpartners

**IMPORTANT
PLEASE READ THIS CAREFULLY**

If your shares of Common Stock are registered in your own name, please submit your consent to us today by signing, dating and returning the enclosed WHITE consent card in the postage-paid envelope provided.

If you hold your shares in “street” name with a bank, broker firm, dealer, trust company or other nominee, only they can exercise your right to consent with respect to your shares of Common Stock and only upon receipt of your specific instructions. Accordingly, it is critical that you promptly give instructions to consent to the Proposals to your bank, broker firm, dealer, trust company or other nominee. Please follow the instructions to consent provided on the enclosed WHITE consent card. If your bank, broker firm, dealer, trust company or other nominee provides for consent instructions to be delivered to them by telephone or Internet, instructions will be included on the enclosed WHITE consent card. SP II urges you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to Steel Partners II, L.P., c/o MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016 so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed.

Execution and delivery of a consent by a record holder of shares of Common Stock will be presumed to be a consent with respect to all shares held by such record holder unless the consent specifies otherwise.

Only holders of record of shares of Common Stock as of the close of business on the Record Date will be entitled to consent to the Proposals. If you are a stockholder of record as of the close of business on the Record Date, you will retain your right to consent even if you sell your shares of Common Stock after the Record Date.

IF YOU TAKE NO ACTION, YOU WILL IN EFFECT BE REJECTING THE PROPOSALS. ABSTENTIONS, FAILURES TO CONSENT AND BROKER NON-VOTES WILL HAVE THE SAME EFFECT AS WITHHOLDING CONSENT.

If you have any questions regarding your WHITE consent card,

or need assistance in voting your Shares, please call:

105 Madison Avenue
New York, New York 10016
proxy@mackenziepartners.com

(212) 929-5500 (Call Collect)

or

CALL TOLL FREE (800) 322-2885

QUESTIONS AND ANSWERS ABOUT THIS CONSENT SOLICITATION

The following are some of the questions you, as a stockholder, may have and answers to those questions. The following is not meant to be a substitute for the information contained in the remainder of this Consent Statement, and the information contained below is qualified by the more detailed descriptions and explanations contained elsewhere in this Consent Statement. We urge you to carefully read this entire Consent Statement prior to making any decision on whether to grant any consent hereunder.

WHO IS MAKING THE SOLICITATION?

This solicitation is being made by SP II, together with SPH, Steel Partners, SP II GP, Warren G. Lichtenstein, Jack L. Howard and John J. Quicke (collectively, the "Group"). As of September 25, 2009, the members of the Group held in the aggregate 13,191,919 shares of Common Stock, or approximately 10.9% of the Common Stock outstanding. SPH is a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies. The principal business of SP II is holding securities for the account of SPH. Steel Partners serves as the manager of SP II and SPH. SP II GP serves as the general partner of SP II and SPH. Warren G. Lichtenstein is the manager of Steel Partners and the managing member of SP II GP. Jack L. Howard is the President of Steel Partners and serves as a principal of Mutual Securities, Inc., a registered broker dealer. John J. Quicke serves as a Managing Director and operating partner of Steel Partners. Messrs. Howard and Quicke also serve as directors of Adaptec.

Each member of the Group may be deemed a participant in this consent solicitation. For additional information on the participants, please see "Additional Information Concerning the Participants" starting on page 18.

WHAT ARE YOU ASKING THAT THE STOCKHOLDERS CONSENT TO?

SP II is asking you to consent to three corporate actions: (1) the Bylaw Restoration Proposal, (2) the Removal Proposal and (3) the Authorized Director Proposal.

SP II is asking you to consent to the Removal Proposal and the Authorized Director Proposal to remove two current members of the Board, Subramanian "Sundi" Sundaresh and Robert J. Loarie, and any appointees to the Board prior to the effectiveness of the Removal Proposal, and to set the size of the Board at seven (7) directors. In addition, in order to ensure that your consent to remove Messrs. Sundaresh and Loarie will not be modified or diminished by actions taken by the Board prior to the removal of Messrs. Sundaresh and Loarie, SP II is asking you to consent to the Bylaw Restoration Proposal.

WHY ARE WE SOLICITING YOUR CONSENT?

We are soliciting your consent because we believe certain members of the current Board are not acting with the best interests of stockholders in mind. This solicitation is being undertaken in response to actions by certain members of the Board that appears to have been designed to diminish representation on the Board by the Company's largest stockholder, preserve Mr. Sundaresh in his position as CEO and to entrench certain members of the Board. The plan was carried out after the passing of the nomination deadline in connection with the Company's 2009 Annual Meeting, leaving us with little choice to protect stockholders' rights but to commence this consent solicitation. In commencing this Consent Solicitation, we are not attempting to take control of the Company. Even if successful, the directors originally elected as part of the December 2007 settlement will comprise a minority of the Board.

WHO IS ELIGIBLE TO CONSENT TO THE PROPOSALS?

If you are a record owner of Common Stock as of the close of business on the Record Date, you have the right to consent to the Proposals. Pursuant to the Bylaws, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than ten days from the date upon which the resolution fixing the record date is adopted by the Board. SP II made a request on September 3, 2009 that the Board fix a record date for this consent solicitation. The Board did not adopt a resolution fixing the record date within ten (10) days after September 3, 2009, the date on which we submitted our request. Therefore, in accordance with the Bylaws, the record date for determining stockholders entitled to consent is September 3, 2009. As of the Record Date, the members of the Group were the beneficial owners of an aggregate of 12,214,819 shares of Common Stock, which currently represent approximately 10.1% of the issued and outstanding shares of Common Stock.

WHEN IS THE DEADLINE FOR SUBMITTING CONSENTS?

We urge you to submit your consent as soon as possible. In order for our Proposals to be adopted, the Company must receive written unrevoked consents signed by a sufficient number of stockholders to adopt the Proposals within 60 calendar days of the date of the earliest dated consent delivered to the Company. SP II delivered its written consent to the Company on September 3, 2009. Consequently, SP II will need to deliver properly completed and unrevoked written consents to the Proposals from the holders of record of a majority of the shares of Common Stock outstanding as of the close of business on the Record Date no later than November 2, 2009. Nevertheless, we intend to set October 23, 2009 as the goal for submission of written consents. Effectively, this means that you have until November 2, 2009 to consent to the Proposals. **WE URGE YOU TO ACT AS SOON AS POSSIBLE TO ENSURE THAT YOUR CONSENT WILL COUNT.**

HOW MANY CONSENTS MUST BE RECEIVED IN ORDER TO ADOPT THE PROPOSALS?

The Proposals will be adopted and become effective when properly completed, unrevoked consents are signed by the holders of a majority of the outstanding shares of Common Stock as of the close of business on the Record Date, provided that such consents are delivered to the Company within 60 calendar days of the date of the earliest dated consent delivered to the Company. According to Amendment No. 2 to the Company's preliminary consent revocation statement filed with the SEC on September 23, 2009, as of the Record Date there were 120,522,797 shares of the Company's Common Stock outstanding, each entitled to one consent per share. Cumulative voting is not permitted. This means that the consent of the holders of at least 60,261,399 shares of Common Stock would be necessary to effect these Proposals. As of the Record Date, the members of the Group were the beneficial owners of an aggregate of 12,214,819 shares of Common Stock, which currently represent approximately 10.1% of the issued and outstanding shares of Common Stock.

WHAT SHOULD YOU DO TO CONSENT TO OUR PROPOSALS?

If your shares of Common Stock are registered in your own name, please submit your consent to us by signing, dating and returning the enclosed WHITE consent card in the postage-paid envelope provided.

If you hold your shares in “street” name with a bank, broker firm, dealer, trust company or other nominee, only they can exercise your right to consent with respect to your shares of Common Stock and only upon receipt of your specific instructions. Accordingly, it is critical that you promptly give instructions to consent to the Proposals to your bank, broker firm, dealer, trust company or other nominee. Please follow the instructions to consent provided on the enclosed WHITE consent card. If your bank, broker firm, dealer, trust company or other nominee provides for consent instructions to be delivered to them by telephone or Internet, instructions will be included on the enclosed WHITE consent card. We urge you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to Steel Partners II, L.P. c/o MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016 so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed.

WHOM SHOULD YOU CALL IF YOU HAVE QUESTIONS ABOUT THE SOLICITATION?

Please call our consent solicitor, MacKenzie Partners, Inc., collect at (212) 929-5500 or toll free at (800) 322-2885.

IMPORTANT

SP II urges you to express your consent on the WHITE consent card TODAY to:

- the Removal Proposal and the Authorized Director Proposal to remove two current members of the Board, Subramanian “Sundi” Sundaresh and Robert J. Loarie, without cause, and set the size of the Board at seven (7) directors; and
- the Bylaw Restoration Proposal to ensure that the incumbent Board does not limit the effect of your consent to the removal of Messrs. Sundaresh and Loarie.

REASONS FOR OUR SOLICITATION

We are the largest stockholders of Adaptec. As of September 25, 2009, we owned in the aggregate a total of 13,191,919 shares of Common Stock, representing approximately 10.9% of the issued and outstanding Common Stock. As the largest stockholder of Adaptec, we have a vested financial interest in the maximization of the value of the Company's Common Stock. Our interests are aligned with the interests of all stockholders: We have one simple goal – to maximize the value of the Common Stock for all stockholders.

Certain Members of the Board Met in Private with Company Counsel to Discuss a Plan to Diminish Representation by the Company's Largest Stockholder, Disenfranchise Stockholders and Entrench Themselves

At a recent Board meeting, certain members of the Board, specifically Sundi Sundaresh, Jon S. Castor, Joseph S. Kennedy, Robert J. Loarie and Douglas E. Van Houweling (the "Legacy Directors"), who were all members of the Adaptec Board before two representatives of Steel Partners and two other directors joined the Board, took actions that appear to have been designed to preserve Mr. Sundaresh in his position as CEO and to entrench the Legacy Directors.

We have learned that these plans were discussed by the Legacy Directors in private sessions with the Company's outside counsel prior to a Board meeting on August 27, 2009. First, acting through the Chairman of the Governance and Nominating Committee, Douglas E. Van Houweling, the Legacy Directors informed the Board of their intention to propose to reduce the size of the Board from nine (9) members to seven (7) members and to not re-nominate two of the three directors originally elected as part of the December 2007 settlement in the Company's slate of nominees at the 2009 Annual Meeting. While the Legacy Directors maintain that the Governance and Nominating Committee merely informed the Board that it was considering whether it was in the best interests of the Company that the size of the Board be reduced from nine members to seven members, Messrs. Howard and Quicke recall that Mr. Van Houweling informed the Board that it was the Governance and Nominating Committee's "decision" to reduce the size of the Board to seven members and asked Mr. Howard which director appointed to the Board as a result of the December 2007 settlement Steel Partners wanted to remain on the Board.

The takeover at the Board meeting then continued with a proposal by Mr. Van Houweling to remove Jack Howard as Chairman of the Board (a non-executive position) and to install Joseph Kennedy, a Legacy Director who is currently unemployed since his exit as the Chief Executive Officer of Omneon, Inc., in a position in which he would function as an "executive" Chairman. The Legacy Directors maintain that the label "executive" Chairman was merely discussed on August 27, 2009 and that company counsel advised the Board that Adaptec's Bylaws did not have a designation for an Executive Chairman. Messrs. Howard and Quicke recall that the Board did, in fact, vote to install Mr. Kennedy as Executive Chairman at the August 27th Board meeting, and it was not until the September 4th Board meeting that company counsel informed the Board that a mistake had been made. Messrs. Howard and Quicke urged the Board that to correct the mistake, the Board should first vote to remove Mr. Kennedy as Executive Chairman, as had been approved by the Board, and then vote to elect him correctly as Chairman of the Board. This approach was rejected and certain members of the Board took the position that the Board had elected Mr. Kennedy as an unofficial "executive" Chairman as opposed to an official Executive Chairman at the August 27th Board meeting. Also, despite requests by the four other directors to put the Chairman vote off for a few days so a job description could be prepared by the Committee and compensation could be recommended for this position by the Compensation Committee, Mr. Van Houweling and the other Legacy Directors insisted that the vote be taken immediately.

The Board is at Odds Over the Future Strategic Direction of Adaptec

We are at odds with the Legacy Directors over the future strategic direction of Adaptec and how best to maximize stockholder value at Adaptec. We believe the best way to maximize stockholder value at Adaptec is through a sale of the Company's business operations to the highest bidder and to subsequently monetize the Company's intellectual property, real estate and tax assets. The Legacy Directors are keenly aware of our position and strong belief that the Company should not pursue additional acquisitions. While we cannot be certain, we believe that at least part of the Legacy Directors' motivation in taking these actions was to pave the way for the Company to seek to conduct an acquisition, which, if consummated, could utilize a significant portion of the Company's cash on hand.

The Disingenuous Actions of the Legacy Directors Undermine the 2007 Settlement Agreement

Though the Company is not obligated to re-nominate the three directors that joined the Adaptec Board pursuant to the December 2007 settlement since the agreement terminated following the 2007 Annual Meeting (except as to specific provisions), we believe the recent actions taken by the Legacy Directors undermine the spirit of that settlement agreement.

As the largest stockholder of Adaptec, we sought representation on the Board to protect stockholders' interests in light of the significant deterioration in the Company's performance and value. We believed that new directors were needed to provide assistance and oversight, while ensuring that the interests of the Board and the Company were properly aligned.

We have repeatedly voiced our concerns over failed business plans, failed acquisitions and poor operating and financial performance under the stewardship of the then-existing Board

During settlement negotiations, we reiterated to the Board that in light of the Company's recent losses and string of ill-advised acquisitions, stockholders require and deserve a significant voice on the Board and that one seat would not provide sufficient representation to protect stockholders' interests. We ultimately agreed that the settlement would involve three (3) new directors, and it was the then-existing Board who suggested the idea of expanding the size of the Board to nine (9) members despite our objections that such a Board would be too large for a company the size of Adaptec. In the spirit of compromise, we reluctantly agreed to the scenario in which the nominees would constitute three (3) directors on a Board of nine (9) members. It is entirely disingenuous for the Legacy Directors to now use the size of the Board as part of the reason for removing two directors, including a representative of the Company's largest stockholder, that were originally added to the Board pursuant to that settlement.

We Believe the Company May Have Undertaken These Actions to Remove Obstacles and Perceived Opposition to a Potential Large Acquisition Opportunity

While we cannot be certain, we believe that at least part of the Legacy Directors' motivation in taking these actions was to remove obstacles and perceived opposition to a potential acquisition, which, if consummated, could utilize a significant portion of the Company's cash on hand.

During the past seven years, the Company has made acquisitions that have resulted in write-offs in excess of approximately \$220 million. Just last year Mr. Sundaresh unequivocally championed the Company's acquisition of Aristos Logic Corporation ("Aristos"). Mr. Sundaresh emphatically advised the Board that the Aristos acquisition would breathe new life into the Company's declining OEM business and allow Adaptec to once again bring ASIC capabilities in-house. The non-Legacy Directors gave Mr. Sundaresh the benefit of the doubt in approving this transaction based on his diligence and assumptions. The Company recorded an impairment charge of \$16.9 million to write-off goodwill in the fourth quarter of fiscal 2009 in connection with the Aristos acquisition. We do not believe the Company should conduct acquisitions while stockholder value continues to erode and the current operations lose money. It is the stockholders who have been harmed by the Company's failed business strategy and acquisition mistakes, and, in our mind, the stockholders should not bear the risk of pursuing additional acquisitions at this time.

We further note that in being removed as Chairman of the Board, Mr. Howard lost the authority, as Chairman, to call a special meeting of the Company's stockholders. Though we cannot be certain, we question whether this was part of the motivation of the Legacy Directors in removing Mr. Howard as Chairman.

We Are Concerned That the Legacy Directors Lack a Substantial Vested Interest in the Financial Performance of the Company

We believe the Legacy Directors collectively lack a significant ownership interest in the Company. The Legacy Directors have served on the Board for close to fifty (50) years combined, yet have very little, if any, of their own "skin in the game." The Legacy Directors collectively own less than 1% of the shares outstanding, most of which shares were granted to the Legacy Directors as compensation. Yet, the Legacy Directors tried to use SP II's reduced ownership as justification for having just one seat on the Board. SP II remains the Company's largest stockholder, owning approximately 10.9% of the Shares outstanding – our interests are directly aligned with all shareholders.

PROPOSAL 1 – THE BYLAW RESTORATION PROPOSAL

SP II is asking you to consent to the adoption of the Bylaw Restoration Proposal to ensure that the incumbent Board does not limit the effect of your consent to the removal of Subramanian “Sundi” Sundaresh and Robert J. Loarie as members of the Board through changes to the Bylaws not filed with the SEC on or before May 12, 2009, which have the effect of limiting existing stockholders’ rights and abilities to take action in their capacity as stockholders of Adaptec.

The following is the text of the Bylaw Restoration Proposal:

“RESOLVED, that any provision of the bylaws of Adaptec, Inc. as of the effectiveness of this resolution that was not included in the amended and restated bylaws filed with the Securities and Exchange Commission on May 12, 2009, be and are hereby repealed.”

On September 18, 2009, the Board approved a bylaw amendment to reduce the size of the Board to seven (7) members to be effective immediately before the election of directors at the 2009 Annual Meeting. The Bylaw Restoration Proposal, if adopted, would repeal this bylaw amendment. However, if stockholders adopt the Removal Proposal and the Authorized Director Proposal, in full, then the Board will be fixed at seven (7) members. In the event that stockholders adopt the Bylaw Restoration Proposal, but do not fully adopt the Removal Proposal and the Authorized Director Proposal, then the size of the Board will remain at nine (9).

If the Board does not effect any additional changes to the version of the bylaws publicly available in filings by Adaptec with the SEC on or before May 12, 2009, the Bylaw Restoration Proposal will have no further effect. However, if the incumbent Board has made additional changes since that time, such as amending the provision in the bylaws to change the procedure by which a record date is set in connection with a consent solicitation, the Bylaw Restoration Proposal, if adopted, will restore the Bylaws to the version that was publicly available in filings by Adaptec with the SEC on May 12, 2009, without considering the nature of any changes the incumbent Board may have adopted. As a result, the Bylaw Restoration Proposal could have the effect of repealing bylaw amendments which one or more stockholders of the Company may consider to be beneficial to them or to the Company. However, the Bylaw Restoration Proposal will not preclude the Board, following the removal of Messrs. Sundaresh and Loarie from the Board, from reconsidering any repealed bylaw changes.

SP II URGES YOU TO CONSENT TO THE BYLAW RESTORATION PROPOSAL.

PROPOSAL 2 – THE REMOVAL PROPOSAL

We are asking you to consent to the Removal Proposal to remove two members of the Board, Subramanian “Sundi” Sundaresh and Robert J. Loarie, without cause, and any other person or persons appointed to the Board to fill any vacancy or any newly-created directorships at any time prior to the effectiveness of the Removal Proposal. The following is the text of the Removal Proposal:

“RESOLVED, that (i) Subramanian “Sundi” Sundaresh and Robert J. Loarie and (ii) each person appointed to the Board to fill any vacancy or newly-created directorship prior to the effectiveness of this resolution, be and hereby is removed.”

Section 141(k) of the DGCL provides that any director or the entire board of directors of a Delaware corporation may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of the corporation’s directors, subject to exceptions if the corporation has a classified board or cumulative voting in the election of its directors.

We are seeking to specifically remove Messrs. Sundaresh and Loarie. We believe they are responsible for the Company’s poor performance and who are at odds with what we believe is the proper strategic direction for the Company. We are disappointed that Mr. Sundaresh has thus far been unable to deliver a viable business strategy for turning the Company around. The Company incurred a loss of approximately \$32 million (which includes goodwill write-downs) in the second half of the Fiscal Year ended March 31, 2009 (FY09), and a loss of approximately \$4.5 million in the First Quarter of FY10. Mr. Loarie has been a director of the Company since 1981. As such, Mr. Loarie approved the acquisitions over the past seven years that resulted in write-offs in excess of approximately \$220 million. We believe the best way to maximize stockholder value is to find a strategic buyer for the Company’s operating businesses and to monetize the Company’s valuable intellectual property assets, real estate assets and tax assets. On the other hand, we believe Messrs. Sundaresh and Loarie desire to pursue additional acquisitions. On the WHITE consent card, stockholders have the ability to adopt the Removal Proposal in part by consenting to the removal of one of Messrs. Sundaresh and Loarie without consenting to the removal of the other.

According to Amendment No. 2 to the Company’s preliminary consent revocation statement filed with the SEC on September 23, 2009, as of the Record Date there were 120,522,797 shares of Common Stock outstanding, each entitled to one consent per share. This means that the consent of the holders of at least 60,261,399 shares of Common Stock would be necessary to effect the Removal Proposal and remove Messrs. Sundaresh and Loarie as members of the Board. In the event that holders of less than 60,261,399 shares of Common Stock consent to the removal of either Mr. Sundaresh or Mr. Loarie, then such director will not be removed pursuant to the Removal Proposal.

The Company does not have a classified board or cumulative voting in the election of its directors. Consequently, Section 141(k) of the DGCL permits the stockholders of the Company to remove any director or its entire Board without cause.

SP II URGES YOU TO CONSENT TO THE REMOVAL PROPOSAL.

PROPOSAL 3 – AUTHORIZED DIRECTOR PROPOSAL

Section 2.1 of the Bylaws provides that the authorized number of directors may be changed from time to time by amendment to the Bylaws.

Assuming that the Removal Proposal is approved by stockholders, SP II would like to ensure that the seven remaining directors constitute the entire board. Accordingly, you are being asked to amend the Bylaws in order to fix the number of directors serving on the Board at seven (7), as set forth in Schedule I to this Consent Statement. The effectiveness of Proposal 3 is conditioned upon the removal of both directors in Proposal 2. If either Mr. Sundaresh or Mr. Loarie (or any appointees to the Board) are not removed in Proposal 2, the size of the Board will not be fixed at seven (7), and will remain at nine (9).

We believe that a nine (9) member board is too large for the size of the Company and that the Board should be fixed at seven (7) members. We do not see any potential negative effects on stockholders if the Authorized Director Proposal is approved.

SP II URGES YOU TO CONSENT TO THE AUTHORIZED DIRECTOR PROPOSAL.

NUMBER OF CONSENTS REQUIRED FOR THE PROPOSALS