FY2007

Global Citizenship Annual Report

Seagate ®

Fiscal Year 2007* Global Citizenship Annual Report

In Fiscal Year 2007* (FY2007), Seagate Technology continued to energetically and enthusiastically drive progress in socially responsible business practices for the benefit of all its stakeholders.

During the year, Seagate celebrated the 50th birthday of the hard disc drive. We proudly joined our industry in recognizing five decades of a technology that has driven profound advances in commerce, science and society, and continues to evolve in innovative ways. The company also continued innovating on another front – corporate social responsibility, or Global Citizenship (GC) as we refer to it at Seagate. Through our GC actions and progress in FY2007, Seagate continued building in new ways on its enduring values, thereby enhancing its operations, the supply chain, the environment, and local communities.

In FY2007, Seagate's socially responsible business activities included:

- Taking action on one of the planet's most pressing problems – climate change – by reducing electricity (kWh) used per drive in manufacturing by 17%, beating our internal targets, while significantly increasing production volume.

- Adopting the Electronics Industry Code of Conduct (EICC), and passing the EICC code down to our suppliers, with the expectation that they implement programs to meet the Code's requirements.

- Seagate continued its membership in and support of the United Nations Global Compact (UNGC) and its principles.

- Continuing support of local communities with emphasis on science, technology and math education. One effort I'm particularly proud of, which expanded in scope in FY2007, is our Executive Partnership Program, in which each of my senior direct-report executives joins forces with a charity or worthy cause to better our local communities.

- Taking positions on important public policy issues, ranging from climate change, transportation and availability of health care. Seagate engaged with industry and government through active participation in several organizations, including the Silicon Valley Leadership Group and Sustainable Silicon Valley, and we helped drive forward the dialog that is shaping meaningful solutions to these pressing problems.

In a year in which our core products celebrated the half-century mark, we have had the opportunity to make further progress on new imperatives, driving sustainability and responsibility. To that end, it's my pleasure to invite you to explore our FY2007 Global Citizenship Annual Report in the pages that follow.

Bill Watkins
Chief Executive Officer

* July 1, 2006 through June 29, 2007

Fiscal Year 2007 Global Citizenship Annual Report

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Company Profile and Financial Information

Seagate is a worldwide leader in the design, manufacturing and marketing of hard disc drives, providing products for a wide-range of Enterprise, Desktop, Mobile Computing, and Consumer Electronics applications. Seagate's business model leverages technology leadership and world-class manufacturing to deliver industry-leading innovation and quality to its global customers, and to be the low-cost producer in all markets in which it participates. The company is committed to providing award-winning products, customer support and reliability to meet the world's growing demand for information storage.

Please refer to the About Seagate Technology web page (at www.seagate.com) for a wide range of company information, including history, management team, and more. The company's financial information can be found in our Fiscal Year 2007 Annual Report and Form 10K.

Engaging with Our Stakeholders

Engagement and dialog between Seagate and its stakeholders is key to a productive Global Citizenship effort. Seagate therefore strongly emphasizes stakeholder engagement both internally and externally.
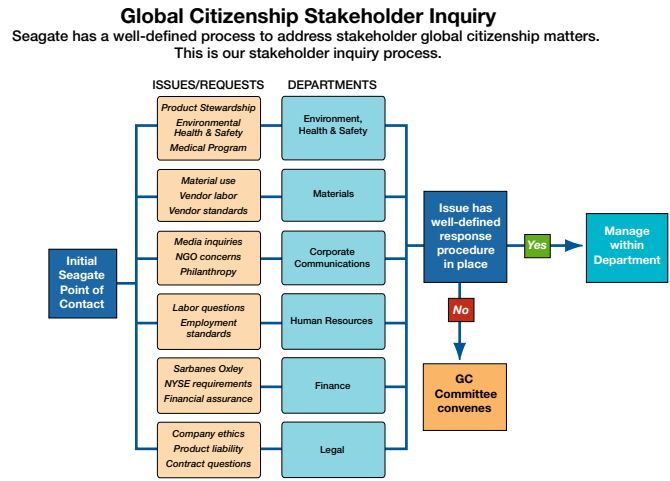
Global Citizenship Committee

A Seagate cross-functional management team coordinates the company's Global Citizenship (GC) Program, including a stakeholder inquiry process (see illustration at right). Monthly meetings allow the team to review progress on activities, goals, customer inquiries and the company's overall development in the GC arena. The team is accountable to Seagate's senior management.

The cross-functional team is sponsored by Seagate's President & Chief Operating Officer, with functional leadership provided by our Environment Health & Safety group and individual team members composed of senior management from the following areas:

- Operations
- Sales, Marketing and Customer Service
- Storage Business
- Investor Relations
- Internal Audit
- Legal
- Manufacturing
- Human Resources
- Materials
- Security
- Finance
- Quality
- Corporate Communications
- Environment Health & Safety

Global Citizenship Stakeholder Inquiry

Seagate has a well-defined process to address stakeholder global citizenship matters. Below is the company's stakeholder inquiry process.

Global Citizenship Stakeholder Inquiry

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ISSUES/REQUESTS	DEPARTMENTS		
Product Stewardship, Environmental, Health & Safety, Medical Program	Environment, Health & Safety		
Material use, Vendor labor, Vendor standards	Materials	Issue has well-defined response procedure in place	**Yes** → Manage within Department
Media inquiries, NGO concerns, Philanthropy	Corporate Communications		
Labor questions, Employment standards	Human Resources	**No**	
Sarbanes Oxley, NYSE requirements, Financial assurance	Finance	GC Committee convenes	
Company ethics, Product liability, Contract questions	Legal		

Initial Seagate Point of Contact

FY2007 Global Citizenship Highlights

Partnering with Suppliers

In FY2007, Seagate adopted the Electronics Industry Code of Conduct (EICC), and also began expecting its suppliers to implement programs to meet the Code's requirements and assisting them in doing so. Seagate established a simple, on-line Supplier Collaboration workspace for suppliers and Seagate's Commodity Management Teams (CMTs) to speedily share information using a secure website. This allows faster communication on key strategic issues, as well as maintaining one common document as the master.

The company also held its annual Supplier Day, where Seagate executives and CMTs hosted key suppliers for each commodity. The intent of the meeting was to share key information with suppliers to help build relationships and provide insight for planning, product overviews and future roadmaps. Seagate factory tours were provided for suppliers to see and learn about the company's operations. Seagate executives also met with supplier CEOs at the company's annual Supplier CEO Advisory Council to share product information and discuss issues in an open forum.

Customer Engagement

In FY2007, key customers continued to make GC a part of their business requirements. Seagate responded to multiple customer corporate social responsibility surveys and audit requests during the year.
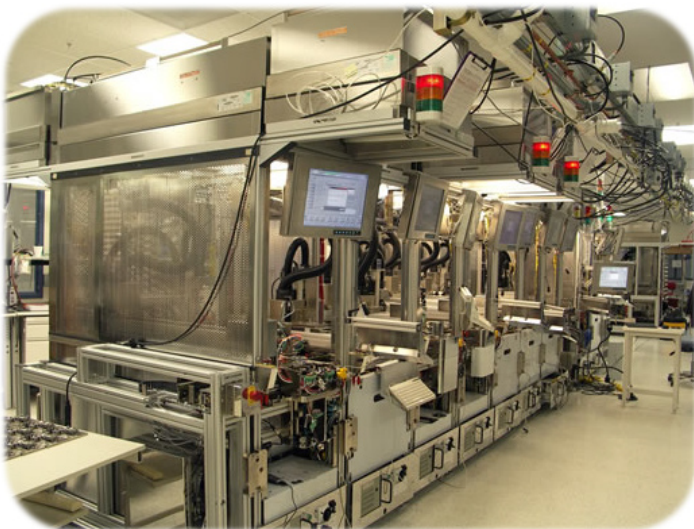
Interacting with Government

Seagate CEO Bill Watkins served during FY2007 as vice-chair of the Silicon Valley Leadership Group (SVLG), an organization that brings business and government together to tackle important public policy issues. During the fiscal year, Watkins worked with his SVLG colleagues to help advance awareness of key issues affecting local communities, including transportation, climate change, health care and more. Along with the SVLG, Watkins also co-hosted meetings with California Governor Arnold Schwarzenegger, and United States Senator and presidential candidate Hillary Clinton. Watkins also joined a delegation of Silicon Valley executives that traveled to Washington to meet lawmakers and advocate on behalf of the high tech industry.

Industry Involvement

In the past year, Seagate actively participated in various organizations and committees in support of its Global Citizenship program. Seagate engages and participates to achieve the following objectives:

- Keep abreast with the last development in the field of GC
- Share our expertise and learn from networking with other organizations
- Publicly reaffirm our commitment to GC
- Support initiatives within our industry
- Provide an avenue to engage with our stakeholders

Seagate in FY2007 adopted the Electronics Industry Code of Conduct (EICC), a code of best practices adopted and implemented by some of the world's major electronics brands and their suppliers.

FY2007 was also Seagate's third year as a signatory to The United Nations Global Compact (UNGC), a set of 10 principles around human rights, labor practices, environmental impact and anti-corruption. Seagate co-hosted two local UNGC network meetings in the U.S. during FY2007, including one at the UN headquarters in New York, which was focused on climate change and involved Non-Governmental Organizations (NGOs) as well as UNGC member-companies. Seagate also sent a senior management representative to the 2007 Leaders Summit in Geneva in July 2007.

Seagate also joined Sustainable Silicon Valley in FY2007, a collaboration of businesses, government and NGOs that are addressing environmental and resource pressures in Silicon Valley.

The company participated in the International Labour Organizations Tripartite Meeting on the Production of Electronic Components for the IT Industries in Geneva in April 2007. The meeting resulted in the adoption of "Conclusions on the Production of Electronic components for the IT Industries," designed to promote social dialogue, adherence to

recognized standards throughout supply chain and lifelong learning in the industry to remain competitive.

FY2007 was also Seagate's third year of membership in Business for Social Responsibility (BSR). BSR is a non-profit organization that helps companies achieve success in developing programs in support of ethical values, people, communities and the environment. During the fiscal year, Seagate participated in BSR's annual conference and its surveys.

Stakeholder Engagement at Seagate

Audience	Method
Employees	• Intranet • Quarterly all hands meetings • Email • Publications (China, Malaysia) • Skip-level meetings • Brown bags • Focus! Employee survey • Eco Seagate • Managers meetings • Visual media (posters, screens, displays, etc.) • Site events • Internal executive blog • iMAP goal and planning system • Development • Ethics Helpline
Communities	• Corporate giving and philanthropic programs • Employee volunteerism • Facility tours
Customers	• Surveys, audits, quarterly business reviews
Non-Governmental Organizations (NGOs) and Other Organizations	• Interaction through organization such as Business for Social Responsibility, UN Global Compact and EICC Implementation Group
Educational institutions	• Matching grants • Executive Partnership Program • Hands-On Science • Scholarships • Research grants
Investors	• Annnual analyst day (NYC) • Analyst meetings/road shows • Annual shareholder meetings, quarterly financial results concalls • Statutory reporting
News Media	• Annual product update (NYC) • Direct engagement • Briefings • News releases
Government/regulators	• Reporting • Silicon Valley Leadership Group and related activities • Comment on regulatory development
Suppliers	• Forums • Supplier management process

Community Involvement

About Seagate's Community Involvement Program

Through volunteerism, financial support and in-kind giving, Seagate's community involvement program supported a range of science, education, environmental, health and human service, arts and other efforts in FY2007. Whether it was planting trees in China…or heart transplants for children in Malaysia…or launching science conferences for young girls in Northern Ireland…or giving the homeless blankets during the winter in Colorado, Seagate and its employees engaged in community issues and helped meet community needs.
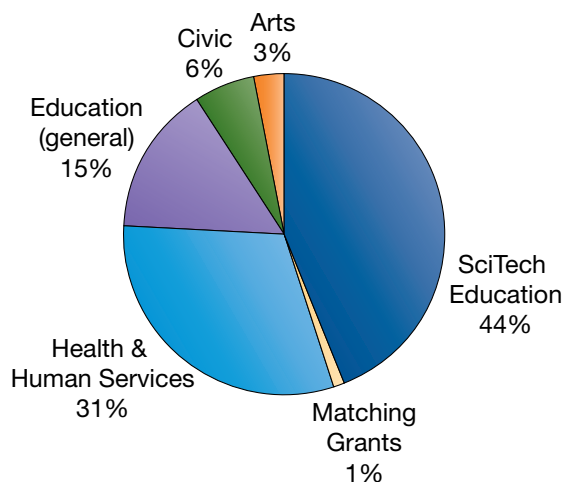
Through its strategic investments in solution-oriented programs, Seagate partnered with public, educational, and non-profit organizations to help address the many challenging issues affecting the towns, cities, and nations where Seagate employees live and work.

With approximately two-thirds of Seagate's corporate giving supporting science, technology, engineering and math education, Seagate's FY2007 Community Involvement program focused on providing hands-on learning activities, educational curriculum and technology to young students, including low income and minority communities where fewer opportunities may exist.

Seagate also supported programs that enhance the health, development, enrichment, and diversity of local communities through cash and in-kind product contributions, donations of excess computer, office and lab equipment, and by encouraging employee volunteerism.

Please read more about these specific community involvement topics:

Giving by Category

- Arts 3%
- Civic 6%
- Education (general) 15%
- Health & Human Services 31%
- Matching Grants 1%
- SciTech Education 44%

Hands On Science!

Seagate's community investments have long included a focus on science, technology, engineering and math (STEM) educational programs. This focus aligns not only with the company's technology-based business, but also with the interests and skill sets of our innovative employee population.

In FY2007, Seagate continued its science focus in an effort to further strengthen its impact within this vast educational arena, reinforce and cultivate national and regional partnerships, and increase the engagement of young students in pursuing educational and career paths in STEM areas. Through science fair projects, robotics competitions, workshops and a variety of other participation-focused educational programs and activities, Seagate helped students engage in the wonders of the scientific process through direct, hands-on involvement.

National Partnerships & Sponsorships

Seagate supported a variety of national level organizations, including:
- Expanding Your Horizons
- Science Buddies
- The Tech Museum of Innovation
- Minnesota Children's Museum

Science Fairs & Competitions

Science fairs are a great way for students to become more knowledgeable about how the world around them works. Preparing a science fair project is an excellent example of what education experts call active learning or inquiry (also "hands-on" learning). It is a very effective instructional method; indeed, it is recommended as a cornerstone of successful science teaching.

Seagate is proud to have taken such an active role in supporting science fairs and competitions worldwide in FY2007.

Science Fair and Camps Support

Through corporate sponsorships, volunteer time and executive participation, Seagate teams in California, Colorado, Minnesota, Oklahoma, Pittsburgh and Northern Ireland offered their unique contributions to science fairs in their regions. In addition to financial and product contributions, Seagate employees volunteered as mentors and judges at the regional fairs.

Seagate's corporate partnership with Science Buddies supported science fairs worldwide by offering students of all backgrounds online access to science fair resources, project ideas and mentoring support.

Seagate's support of the Minnesota Chidlren's Museum's Inventor's Workshop
provides hands-on science opportunities for adults and children alike.

The company also supports Science Camps, sponsoring programs in Thailand, China and Northern California.

Grants & Scholarships

Another way in which Seagate supported and encouraged students and teachers to engage in the sciences was through grants and scholarships, including programs in Northern California and Colorado.

Matching Contributions

Additionally, Seagate matched more than $30,000 in contributions made by employees to colleges and universities through its matching grants program during FY07.

Robotics Programs

Technology is at the core at Seagate's business. Through Seagate-sponsored robotics programs worldwide, students are imagining and creating specialized robots to compete in tournaments in which they complete various tasks, play sporting matches and engage in a variety of complicated physical challenges. Seagate continued in 2007 its support of the Robocup Thailand Championship and the Thailand Intelligent Vehicle Competition, both of which involved design, building and competition, along with the FIRST Robotics program in Colorado.Science Fair and Camps Support

Executive Partnership Program

Bill Watkins, Seagate's CEO, continued in FY2007 to challenge his senior management team to cultivate their leadership and vision by building a meaningful, ongoing partnership with a non-profit organization addressing an important community issue. Further supporting the commitment made by each executive to each organization, Seagate made a financial contribution ranging from $25,000 - $300,000 to each organization.

"We can support worthy causes through relationship building and networking, and at the same time continue to build our leaders and company culture. And, Seagate's executive leadership with their vast knowledge and expertise in their respective fields can lend non-profits strategic guidance, planning tools and advice, as well as assist with increasing awareness about a cause within the company and within the community. When business partners with the community, everybody wins."
– Bill Watkins, CEO

In FY2007, the Executive Partnership grew to include six organizations, engaging a total of 8 executive vice presidents and hundreds of employees. $765,000 was invested in this program in FY2007.

FY2007 Executive Partnerships

Expanding Your Horizons

The Expanding Your Horizons Network's primary goal is to increase the participation, retention, and advancement of girls and women in mathematics, science, technology and engineering through the Expanding Your Horizons (EYH) conferences. With more than 80 conferences held annually in 31 states, EYH brings together young girls with female mentors and through innovative, hands-on workshops, encourages them to continue their development in STEM areas.

More than 675,000 young women have attended EYH conferences since its inception in 1976.

"Women continue to be underrepresented in the areas of science, technology, engineering and math and getting young girls involved in the sciences earlier enables them to gain the confidence and enthusiasm to explore future career opportunities. Expanding Your Horizons conferences provide an excellent entry into the world of science and allow young women the opportunity to engage in these fascinating fields."
– David Wickersham, President & COO

Seagate 2007 Partnership Highlights

- Increased support of EYH conferences in California and Colorado through sponsorship funds and employee volunteers
- Continued support of an EYH extension program in California--an Ambassador Program which places female mentors in the classroom
- Hosted first ever international EYH conference in Northern Ireland
- Planning new international conferences in Malaysia, Singapore, Thailand and China
- Bringing new EYH conferences into Pittsburgh, Pennsylvania and Minneapolis, Minnesota
- Employee volunteers assisted with EYH technology infrastructure and registration database, helping the organization better capture key data about EYH participants

Teach for America (TFA)

Teach for America is a national corps of recent college graduates in a wide range of academic majors who commit two years to teach in urban and rural public schools -- and become champions in ensuring educational equity and excellence for children. The organization's mission is to build the movement to eliminate educational inequity by enlisting our nation's most promising future leaders in the effort.
Teach for America has directly impacted the lives of more than 2 million students. Students of TFA corps members make 10% more progress a year in math than is typically expected, while slightly exceeding the normal expectation for progress in reading.

"Education is the cornerstone of our community. If we do not address the educational inequities in our communities and our schools, we are not being responsible leaders and, in fact, are consciously ignoring one of the most important factors that will determine the direction of our future."
– Brian Dexheimer, CSM (Chief Sales and Marketing Officer)

Seagate 2007 Partnership Highlights

- Increased support of TFA as one of the first regional corporate partners
- Brian Dexheimer joined Bay Area advisory board
- Hosted event with San Jose, California Mayor Chuck Reed for the launch of a new political effort by TFA alumni
- Donation of 225 Seagate 6 Gbyte pocket drives to incoming corps members

Science Buddies

Science Buddies is a non-profit organization empowering students from all walks of life to help themselves and each other develop a love of science and an understanding of the scientific method. With the help of mentors and advisors, Science Buddies helps students improve their science skills and literacy, and we inspire them to consider additional study or careers in science. Science Buddies offers downloadable science fair projects, online science mentoring, and more.

Hundreds of thousands of students utilize the Science Buddies resources annually.

"Our future relies on the bright, inquisitive young minds that appreciate the challenges a science fair project offers, and I look forward each year to hearing about the intelligent questions and current issues the students that participate in our sponsored fairs and competitions explore. Science Buddies offers students anywhere in the world a reliable and valuable resource in seeking assistance and direction when pursuing a science fair project."
– Charles Pope, CFO (chief financial officer)

Providing youth the opportunity to invent and explore aspects of science, technology, engineering and math is a fundamental component of Seagate's global giving program

Seagate 2007 Partnership Highlights

- Continued advocacy of Science Buddies throughout Seagate communities
- Engagement of Seagate CTO Bob Whitmore as advisory board member
- Development of educational Scientific Method poster which will be distributed to schools nationwide in fall of 2007

Leukemia & Lymphoma Society

The Leukemia & Lymphoma Society (LLS) is the world's largest voluntary health organization, dedicated to funding blood cancer research, education, and patient services. The Society's mission: Cure leukemia, lymphoma, Hodgkin's disease and myeloma, and improve the quality of life of patients and their families.

Nearly 1 million volunteers from all walks of life give generously of their time and talents to implement the Society's programs.

Seagate 2007 Partnership Highlights

- Seagate CEO Bill Watkins has been an active board member since 2004 and hosted several executive luncheons, as well as a private dinner at his home, to engage local business leaders to support LLS
- More than 30 Seagate employees from Seagate sites nationwide joined the Team In Training program, raising more than $119,000 for the fight against blood-related cancers
- More than 300 employees, friends and family members participated in the 2006 Light The Night walk in downtown San Jose—raising more than $152,000 for the cause
- Seagate contributed several items to the first "Out for Blood" on-line auction

Housing Trust of Santa Clara County

Santa Clara County is one of America's least-affordable housing markets. With median home prices hovering near $500,000 and apartment rents far above national averages, too many of our residents struggle to afford to live here. Teachers, public service workers, and many others who directly contribute to the quality of life here find it almost impossible to afford to buy a home.

The Housing Trust of Santa Clara County serves as a catalyst to develop desperately-needed housing in Santa Clara County through a mix of corporate and community investors. The Housing Trust is dedicated to building and sustaining a revolving loan fund and grant-making program that will leverage other housing resources throughout Silicon Valley.

Rebuilding Together

Rebuilding Together is the nation's leading organization bringing volunteers and communities together to improve the homes and lives of low-income homeowners by providing free repair services for those with the greatest need. Low-income homeowners, particularly those who are elderly, displaced or disabled, and families with children are most at risk. Rebuilding Together responds to their needs through four specific practice areas: Safe & Healthy Homes, Disaster Recovery and Reconstruction, Veterans Housing, and National Rebuilding Day, all help ensure that needy homeowners live in safe, warm and dry homes.

"Through programs such as Rebuilding Together, we are helping those in need in our communities by improving their quality of life. Additionally, our employees get the opportunity to work together outside the workplace. When you trust someone to hold a ladder for you while you paint the trim of a house 10 feet above the ground, you develop a mutual respect that you bring back to the office."
– Charles Pope, Chief Financial Officer

Seagate 2007 Partnership Highlights

- More than 60 employees and their family members, led by executives Charles Pope and Glen Peterson, volunteered a weekend hammering, digging, scraping, cleaning, painting and rebuilding the home of an elderly single woman and the facility of a nonprofit organization dedicated to helping teenage boys through the difficult and emotional legal process associated with foster care

More than 60 employees, including CFO Charles Pope, spent a day renovating a home of a low-income senior through the Rebuilding Together program.

Awards

- December 2006 – Northern California—Seagate achieved the Platinum level award from Second Harvest Food Bank for its collection of more than 50,000 pounds of food for the Santa Cruz County holiday food drive
- May 2007 –Northern California-- Seagate received an Honorable Mention for the 2006 "Pacesetter Award" by the Professional Business Women of California, for advancing women in the workplace.

Case Studies

Seagate-Sponsored Competition Nurtures Young Innovators

The Seagate Young Innovators competition is an annual event that showcases the best of Northern Ireland's young engineering and science talent.

In FY2007, more than 500 students from some 140 schools participated in the event. Volunteer judges Peter Blackburn, a senior equipment manager, and Fergus Thompson, a facilities-operations manager--both from Seagate's Limavady facility--said they were impressed by the students' ability to address real design challenges and come up with workable solutions.

"The primary focus of Seagate's educational strategy is to help develop programs that support science, technology, engineering and mathematics education, with a specific focus on hand-on, project-focused events," said Springtown Vice President John Spangler.

Seagate Donation Helps At-Risk Students Bridge Digital Divide, Gain Job Skills

Seagate donated $2,500 to outfit the computer lab of San Jose Conservation Corps and Charter School (SJCC) with networked PCs, and has committed to help build SJCC's IT and computer lab during the '08 fiscal year with a donation of $6,000 for computers. In addition, the company's Fremont and Milpitas sites will supply needed computer parts and equipment through a computer-recycling program.

SJCC not only prepares disadvantaged youth for a state-certified high-school diploma, but also teaches vocational skills in construction by building affordable housing for low-income families and skills related to environmental conservation and recycling.

Seagate Designing Singapore "Learning Lab" To Help Kids, Teachers Blog, Podcast and Innovate

In a first-of-its kind effort, Seagate team members are helping Kuo Chuan Secondary School design and set up a high-tech "laboratory" that converges technology, social media and communication skills for an entirely new type of learning experience.

The Learning Technology Laboratory is designed to serve as an incubator in which teachers can explore new teaching and learning strategies and students can germinate fresh new ideas in support of their classes and projects. Seagate has gone beyond just sponsoring the equipment and furnishing by providing industrial engineers to work on the layout and design of the room to suit the requirements of the teachers who came up with the concept for the lab.

In addition to providing industrial design expertise, Seagate helped to purchase teaching and learning technology tools such as interactive whiteboards, and HD video/media editing and production equipment.

Wuxi Employees Dig In to Fight Global Warming

Seagate employees in China gave up time in March to tackle global warming. Some 300 operators, technicians, engineers and managers grabbed shovels and planted more than 200 magnolia and other trees in Wuxi's Mein Cun District. In a similar effort last year, employees planted nearly 100 trees in the city.

"Environmental protection is a universal responsibility for all of us, especially a multinational company like Seagate," said K.F. Chong, vice president of the company's China operations. "That's why we partner closely with our communities for programs that can minimize our footprint on the environment."

Night Shift: Employees Help the Homeless Cope with a Harsh Winter

The thought of the homeless struggling to withstand the elements crossed the minds of many at Seagate, prompting donations of sleeping bags, blankets and warm clothing to a drive conducted by the employee-led Colorado Activities Reaching Everyone(CARES) group. In all, the group collected three truckloads of items for the Boulder County Cares (BCC) organization, which provides assistance to homeless individuals and families throughout the county. CAREs also raised $1,000 for a local day shelter by holding a popcorn/bake sale for employees.

In addition to employee donations, Seagate donated $1,000 to BCC, to ensure ample supplies of needed items during what turned out to be a prolonged cold spell in Colorado.

Seagate Helps Developing Nations Bridge Information Gap

Seagate's donation of more than $7,000 worth of storage, including both 750GB and 500GB internal hard drives and a Seagate Mirra Personal Server, will house the University of Iowa's WiderNet Project's growing eGranary Digital Library, which features millions of Internet educational resources.

"Seagate's donation helps us to further experiment with using modern data storage to deliver the world's knowledge to the seven-out-of-eight people who do not yet have access to the Internet," explains Cliff Missen, director of the university's WiderNet Project.

The eGranary Digital Library overcomes the lack of an Internet connection by loading hard discs with digital multimedia resources that come from the contributions of hundreds of Web authors and publishers. The discs are then placed with schools and clinics in developing countries. This way, users can open Web pages instantly, without waiting on a slow Internet connection.

Seagate Golfers Chip in for Education, Senior Center

Seagate employees and suppliers in Wuxi, China, raised $83,000 for charity during the company's golf tournament. The funds will go toward college scholarships for students from low-income families and will also be used to purchase new computers and software for two local primary schools, as well as new entertainment equipment for a senior citizen's center.

Over the past three years, the annual golf tournament has collected nearly $300,000 for charity.

Lu Wei Dong, director of the Wuxi education bureau, said Seagate's support helps provide youngsters with the tools they need to succeed in the digital economy.
"Seagate is helping us educate our youth and ensuring that they are computer-literate," he said. "This isn't the first time Seagate has extended a helping hand to our schools."

Backing Up the Cause: Employees Join in Fight Against Breast Cancer

In addition to its financial sponsorship of the annual 5K fundraising run and walk to combat breast cancer, Seagate hosted a booth to showcase the limited-edition Pink Pocket Hard Drive, which included several pre-loaded songs. And more than 50 employees and their friends and family members donned Seagate "Backing Up the Cause" T-shirts and made the morning trek to San Francisco.

With 10 percent of the purchase price of every Pink Pocket Hard Drive sold being donated to the Komen Foundation, Seagate is committed to helping in the battle against breast cancer. October was Breast Cancer Awareness Month and Seagate sites nationwide hosted information sessions to further increase awareness about this devastating disease.

Additionally, Seagate's Northern Ireland site made a donation to Action Cancer, a charity that provides early detection services for the community, counseling and support services for cancer patients and their families.

Seagate Summer Camp for Kids Serves Up Science, Storage and Swimming

In the summer of 2006, 50 children from low-income families participated in Seagate's fourth annual "Summer Star Campus" in Wuxi, China. The two-day program served up equal portions of fun and learning. The kids learned about Seagate's products and, with the guidance of employees, disassembled and reassembled hard disc drives with their own hands.

"Seagate has made many contributions to its local community, and is an excellent corporate citizen," said Mayor Zhang Da Liang.

Springtown Site Opens its Doors for Summer-School Students

More than 40 young people in Northern Ireland attended the Seagate Summer School in Computing and Electronics. The week-long school, sponsored by Seagate, was hosted by the University of Ulster's school of computing and intelligent systems. During the week, students learned about the Internet and multimedia, electronics and computer game design. Working in small groups with the support of university teaching staff, they had the opportunity to create their own game, build their own Web site (hosted on the university's server) and produce a brief animated film using specialized software. At the end of the week, the top students were presented with Seagate 5GB Pocket Hard Drives.

Snacks for 20,000? Seagate Penang Delivers!

Seagate's expertise in flexible mass production came in handy this year when the company served up refreshments to more than 20,000 people during Penang's famed Thaipusam celebration.

"Seagate continues to support this event each year because our employees enjoy the celebration and are also very committed to serving the public," said Oh Kean Cheong, vice president of Penang slider operations.

More than 100 Seagate employees volunteered to serve drinks and food to over 20,000 people, including Tan Sri Dr Koh Tsu Koon, Chief Minister of Penang.

"This year, we saw an increase in participation from our operators," said Sugumaran Mutuya, chairman of Seagate's organizing committee. "Some of them applied for leave just so that they can serve at the stalls."

How They Do It: Female Leaders Discuss Paths to Success, Work/Life Balance and More

Seagate's top women leaders participated in a "virtual" roundtable panel to discuss the obstacles they overcame, the lessons they learned and the advice they'd give to others. The panel was held as part of the company's ongoing efforts to promote a diverse working environment and in recognition of Women's History Month in the U.S.

The women discussed issues such as the career challenges they have faced because of gender, the key lessons that have helped them in their careers, and their advice for employees.

Sirirat Euaypadung, plant manager at Teparuk, Thailand was one of many to offer insight into the experience of a working woman.

 "When I joined Seagate 19 years ago, the Thailand offices had more of a division between male and female engineers," said. "Over the years, however, that's changed. We recognize now that the focus is on whether someone delivers results, regardless of their gender."

Health & Safety

Seagate's approach to health and safety is one of integration and accountability. The company's commitment to the safety and well being of our employees is evident throughout our operations – from the design of our facilities and workspaces, to the design of our manufacturing equipment and chemical management systems to our leading practice standards and training.

It is Seagate's fundamental belief that work-related incidents are preventable. Seagate's robust health and safety management systems provide a framework for continued reduction of risks with potential to cause injury or illness. Additionally, the company establishes annual improvement targets that are cascaded throughout the enterprise, with a focus on making health and safety everyone's business.

Health & Safety: Performance

The challenge from our CEO, Bill Watkins, -- 'zero' incidents. This challenge has been the driving force in our journey from nearly 1900 recordable injuries in 1999 to the 146 cases reported in FY2007 (0.24 per 100 employees). We have been able to achieve these significant reduction levels through a focus on comprehensive incident investigation and root cause analysis to correctly identify and mitigate risks within our operations. During the past 18 months, we have incorporated the use of six sigma methodologies to further enhance our analytical capabilities, with all staff in lead EHS positions achieving Six Sigma "Belt" certifications.

While we did not achieve our expected reduction target for FY2007, we believe that Seagate's recordable case rate is indicative of excellent performance given the additional challenges presented with the integration of a major acquisition (acquisition of Maxtor Corp., completed on May 22, 2006), and it is five times better than that of the industry. Through a focus on early case identification and case management,

the company continued to drive its "Days Away Case Rate" down even further in FY2007 to a rate of 0.09 per 100 employees.
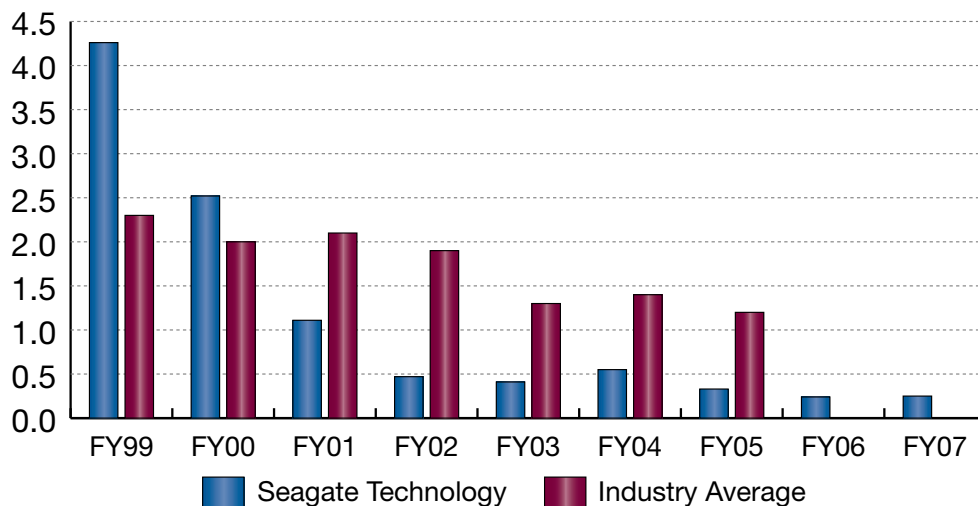
A focused effort across Seagate during FY2007 was to identify and reduce the risks that cause slips, trips or falls. In addition to setting improvement targets, Seagate conducted comprehensive fall risk assessments at selected locations. While the company has standard processes for mitigating risks, some locations and specific work groups developed their own specific methods to achieve results.

For example, a study was conducted at one of Seagate's Singapore facilities to observe walking behaviors around the plant. Areas selected for particular emphasis included staircases, parking areas, main entrances and the production floor. The project raised employee awareness on how to "walk safely," and no incidents of slips, trips or falls were reported in the three months following the study. In order to sustain focus in this area, specific safe walking behavior are now be included as part of the site's ongoing behavioral observation program.

Transportation Safety

Transporting nearly 20,000 employees each workday on more than 300 buses and vans, Seagate's transportation safety program is a critical element of ensuring the safety and well-being of close to one-third of our global workforce as they transit to and from work. While we cannot control the local traffic and regulations, we have established a comprehensive management system to ensure that transportation suppliers are selected based on their proven ability to meet a strict set of safety performance requirements, including detailed specifications for vehicles as well as drivers. Performance is closely monitored by the Seagate Transportation Program management staff through daily inspections, regular performance review with suppliers and direct feedback from employees.

Recordable Case Rate
(per 100 employees)

Bar chart comparing Seagate Technology and Industry Average recordable case rate per 100 employees from FY99 to FY07.

Legend: Seagate Technology | Industry Average

Additionally, our Bus Leader program includes assignment of trained 'on vehicle' resources to monitor and report on driver performance and rider concerns. While our focus is always on accident prevention, we have established a detailed process for investigation and root cause analysis of any transportation incidents that includes immediate suspension of the driver pending the investigation outcome.

Pandemic Preparedness

As the 21st century unfolds, serious infectious diseases have been emerging with the potential to spread more quickly than ever given the global community in which we live. Seagate continued to build on the planning that was initiated in FY2006, recognizing that elements of pandemic planning will not only be critical in the event of a pandemic but useful for other types of serious infectious disease with potential to impact our employees and the business.

During FY2006, Seagate implemented a comprehensive plan and set of actions that are based on the World Health Organization pandemic alert levels and widely known practices regarding risk reduction and control:

- Global cross-functional team to conduct daily monitoring and risk assessment, establish strategy and procedures, and perform issue management
- Dedicated site cross-functional teams to implement required actions (EHS, occupational health, operations, HR, communications, security, facilities and other key functions)
- General awareness for all employees and establishment of an internal website as a central reference for internal and external avian flu information
- Focused communication on risk reduction strategies to the following groups: personnel currently in affected countries/regions; travelers; food service suppliers
- Company-wide campaign on personal hygiene and hand-washing.

In FY2007, we've continued daily global assessment of avian influenza, while focusing on optimizing contingency and response planning, including:

- Evaluating preparedness and resources for countries in which Seagate operates
- Monitoring and evaluating emerging scientific data for relevance to infection control plans
- Networking and benchmarking our preparedness with other organizations
- Conducting scenario – based drills

Occupational Health and Wellness

Seagate's Occupational Health and wellness programs support the Company's business agenda through targeted strategies directed toward improving employee health and productivity. The company's global Occupational Health resources are focused on maintaining proactive strategies to ensure safe job placement and the early identification/mitigation of occupational health issues should they occur.

Health and wellness priorities are established at the site level to customize programs targeted toward local health issues with sensitivity to cultural differences. In FY2007, Seagate continued its focus on building awareness about disease prevention and healthy lifestyles. Programs delivered across the global company in FY2007 included health screenings, health risk assessments, periodic medical examinations, smoking cessation programs, weight control programs and health seminars/awareness campaigns on a variety of health issues. In addition, the company in FY2007 continued its ongoing sponsorship of onsite fitness centers and recreational facilities at many Seagate locations, to continue offering employees a convenient way to improve and maintain their physical well-being.

Days Away Case Rate
(per 100 employees)

Legend: ■ Seagate Technology ■ Industry Average
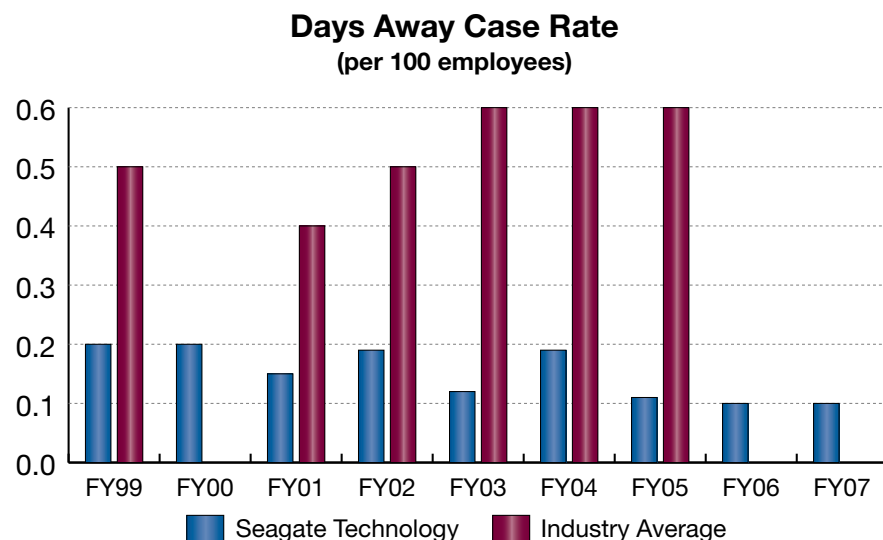
Environment

Environmental protection is a well-established priority at Seagate. In FY2007, Seagate made energy conservation a key area of focus as well. Environmental metrics and targets were set globally and driven throughout the company to continue improvements to our programs. Additionally, we enhanced our control of restricted material with the implementation of a new supplier compliance assurance system.

Read our Environmental Health & Safety Policy

Environmental Performance

Seagate's continued focus on waste minimization and recycling has driven process optimization resulting in increased reductions in hazardous waste generation. Solid waste recycling rates have also achieved similar success.

Hazardous waste generation (as normalized to production) was reduced by 31.5% in FY2007 compared to the year

Hazardous Waste Disposition FY07
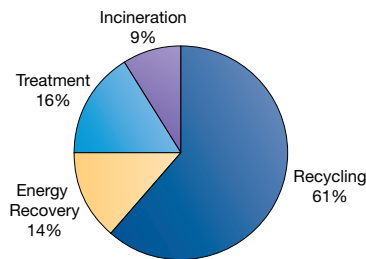
before in spite of our production volume having increased by 39%. This resulted in a reduction of 223 tons of hazardous waste. A review of hazardous waste generation data was conducted during the year and corrections were made to existing data, resulting in minor changes to the hazardous waste generation information previously reported in the past two annual reports. Seagate has minimization plans and targets developed at various levels within the organization to drive further improvements in the coming year. The Six Sigma methodology has been integrated to minimize environmental risk and to provide new, innovative opportunities for improvement.

In FY2006, Seagate identified a recycling opportunity for a metal sludge waste, which was previously landfilled. As a result, in FY2007, no hazardous waste was landfilled, in keeping with the company's policy of not landfilling hazardous waste unless there are no viable alternatives. During FY2007, 61% of the hazardous waste generated was recycled. The remaining waste was incinerated, treated or sent for energy recovery.

Seagate continued steady progress in solid waste recycling with a FY2007 recycling rate of 83%. Site minimization teams were chartered to identify and implement recycling programs to reduce the amount of waste sent to landfills.

Over the last 4 years the company's recycling rate has increased by a cumulative total of 66%.

Examples of waste minimization activities carried out during the year include:

Hazardous Waste Minimization Project (Pittsburgh, USA)

The Seagate Research Center Facilities Department installed a concentrated acid wastewater treatment system that treats plating and etching acid waste rather than disposal as hazardous waste. In the first year of operation, this new treatment system enabled the site to reduce its waste generation by 50%.

Chemical Substitution Project (Penang, Malaysia)

The site project team successfully substituted a coolant, which had been shipped off-site as hazardous waste for treatment, with substitute coolant that the site wastewater treatment plant was able to treat. This resulted in reducing the hazardous waste generated by about 68 tons with the additional benefit of eliminating the environmental risk of transporting hazardous waste off-site.

Energy Conservation

Seagate recognizes the impact of climate change from human activity and we initiated the energy conservation program as a key initiative in FY2007. A formal energy conservation initiative was rolled out across the manufacturing operations. Seagate also joined Sustainable Silicon Valley's climate change initiative to further demonstrate our commitment to reducing the contributors to climate change. With sponsorship from senior management, cross-functional teams were formed at the corporate and site levels to work on various conservation activities, focusing on production and infrastructure equipment. The teams actively engaged with equipment manufacturers to develop more energy efficient equipment. Existing equipment energy baselines were developed on manufacturing equipment to gauge energy conservation improvements. A new energy data collection software was installed to improve data analysis capability. Re-negotiation of energy contracts in non-regulated markets also helped the company obtain energy in more cost effective ways.

Energy Consumption per Production Unit
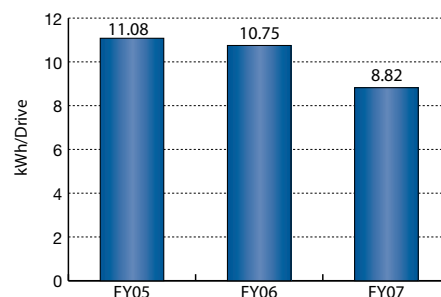
Energy Conservation Examples

Examples of our energy conservation activities over the year include:

The Springtown, Northern Ireland facility conducted an energy audit to identify energy saving opportunities. As a result of the audit, Six Sigma projects were initiated to reduce energy consumption in the fan tower operation, lighting, HVAC systems operation and comfort cooling. These efforts resulted in a reduction of 11% of the site electricity usage normalized to production units.

Water Conservation

Water is a precious resource in the environment, and is crucial to our operations and the communities in which we operate. Seagate recognized this early on and water conservation has been common practice at our facilities for many years. An example of water conservation projects, which were implemented during FY2007, includes:

Wastewater Reduction – Wuxi, China

The site Facilities team worked on increasing the De-Ionized (DI) water utilization rate of the four DI plants on site. The team reviewed the operating parameters of the plants and instituted improvements. These changes resulted in a savings of 3,000 tons of water annually and a 70% improvement to the utilization of the DI Plant Utilization.

Product Stewardship

Seagate has adopted Product Stewardship principles that mitigate the impact of the company's products on the environment throughout the product's life cycle. In addition to minimizing the impact to the environment, these principles also guide us in meeting customer expectations and regulatory requirements while adhering to product technical and marketing specifications. Product Stewardship addresses the various facets of the product's life cycle from design, manufacture, use and end-of-life management and disposal.

Seagate's Product Stewardship program objective is to meet or exceed requirements of product-related environmental legislation and customer environmental requirements related to product, packaging, user documentation, or manufacturing processes.

Seagate's Product Stewardship program ensures that Seagate disc drive products comply with key specifications, including:

- European Union RoHS Directive - restricting cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyls (PBB), and polybrominated diphenyl ethers (PBDE)

- JIG 101 Annex A and Annex B – the Joint Industry Guide lists many substances of concern for toxicity and environmental impact. Seagate tracks and restricts these substances in our disc drive products.

In total, Seagate restricts over 160 different substances in materials used in our disc drive products, aligning with all major customer materials restrictions.

In FY2007, Seagate began implementation of an automated materials content reporting system, or Compliance Assurance System (CAS), to strategically position the company to meet customers' needs in complying with the RoHS (Restriction of Hazardous Substances) Directive. RoHS, which became effective July 2006, impacts manufacturers who place their products in the European market. With CAS system implementation, Seagate is aligning its materials content reporting to the IPC 1752 industry format, allowing our suppliers to streamline certifications and allowing Seagate to collect extensive data from our suppliers on individual materials used in our products. By implementing an automated system, Seagate can quickly respond with detailed materials content data and lab reports to any regulatory inquiries, as well as utilizing this system to check compliance for China RoHS, industry Halogen-free initiatives and other customer requirements.

Seagate disc drive products are designed for high reliability, and feature longer standard warranties than other electronic products. Disc drives returned within the warranty period are refurbished, where possible, and returned into use. Longer product life and product refurbishment reduces waste-stream impacts of electronic products.

Seagate also engaged with external consultation to address requirements of the   Waste Electronic and Electrical Equipment (WEEE) Directive, pertaining to recycling of electronic waste. Today, Seagate provides recycling data necessary for our customers to meet WEEE requirements. Currently, Seagate disc drives average around 75% recyclable content by weight.

Seagate is helping our enterprise customers conserve energy in their data centers (including server power consumption and cooling costs) with products like the new Cheetah NS and Barracuda ES.2 hard drives. Both products use a set of proprietary features that significantly reduce power consumption in the enterprise without skimping on capacity or performance. Seagate's enterprise products also draw upon many of the power-management capabilities used by Seagate's notebook and desktop storage business units. Seagate is also working to develop hybrid disc drives, which feature very high performance and reliability as well as low power consumption.

Environmental Health & Safety Systems

Management Systems and Audits

Seagate has developed and implemented a consolidated global Environmental Health and Safety (EHS) Management System to manage EHS risk within the company. Seagate believes that a uniform set of standards is the most effective way to maintain consistency and drive improvements across the organization. A total of 32 EHS Corporate Standard Operating Procedures (CSOPs) provide guidance and sets expectations for EHS performance. Seagate invests time and resources in monitoring these management systems, as we believe that it's an important aspect of a sustainable EHS program.

EHS MS Certified Sites

* Includes the recently acquired Suzhou site
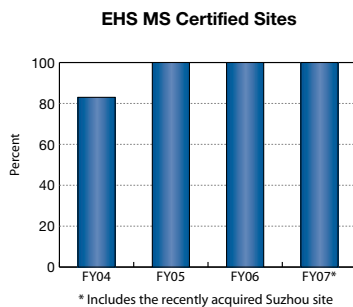
Environmental Health & Safety Management System Certification

Seagate believes that a management systems approach is the only way to manage an effective and sustainable Environmental Health and Safety (EHS) program within an organization. In FY2007, Seagate's newly acquired Suzhou facility had its EHS management system audited and the site was awarded both ISO14001 and OHSAS 18001 certification. With the inclusion of Suzhou, all Seagate's manufacturing facilities are ISO14001 and OHSAS 18001 certified. KEMA-Registered Quality provides the EHS management system certification, which is a component of Seagate's overall Quality System Review (QSR) model.

ISO 14001 and OHSAS 18001 Certified Facilities

Country	Location
China	Suzhou Wuxi
Thailand	Korat Teparuk
Malaysia	Penang Senai
Singapore	AMK Science Park Woodlands
Northern Ireland	Limavady Springtown
U.S.A.	Bloomington, MN Milpitas, CA

Environmental Health & Safety (EHS) Training

Environmental Health and Safety (EHS) training is an important element of Seagate's EHS management system. Demonstrating the enormity of this program, in FY2007 there were in excess of 30,000 EHS e-Learning course completions. FY2007 brought continued efforts to make more EHS e-Learning modules available on-line for our employees and contractors. We have found that e-Learning modules provide the flexibility for learners to schedule training and learn at their own pace in addition to providing options for refreshers as needed by the learner. The primary aim of the EHS training program was to efficiently deliver standard EHS training content across the globe. This year, 48 online courses were translated into Malay, Mandarin and Thai to support those employees who are only proficient in their native language. The next EHS training program effort will be to incorporate unique local content into the existing courses and this work is scheduled to be completed in FY2008.

Environment Health & Safety Awards

Internal Recognition

The President's Drive to EHS Excellence Award is an internal recognition award program to recognize those individuals or teams who show excellence and innovation in support of environment, health and safety results for the Company. The award provides the opportunity for employees to nominate their peers who they feel have contributed above and beyond expectations in the EHS arena. The executive judging panel in FY2007 carefully reviewed and selected winners of the award for projects/achievements in FY2006, including:

2006: Slip, Trip & Fall Incident Reduction – Springtown, N.Ireland

The cross-disciplinary team successfully implemented a cable tidy system in all production areas as part of a program to reduce the number of recordable accidents related to slips/trip & falls. With the new conduit cable tidy system, operators are now able to replace faulty components quickly and easily at the rear of the monitor. The teams also put in place inspection and reporting activity to ensure the improvements are sustainable. The improvements resulted in a 66 percent reduction in the number of recordable accidents at the site.

2006: Wastewater Reduction – Wuxi, China

The site Facilities team worked on increasing the de-ionized (DI) water utilization rate of the four DI plants on site. The team reviewed the operating parameters of the plants and instituted changes to the setting of the DI system, which resulted in a savings of 3,000 tons of water annually.

2006: Contractor Management – Suzhou, China

A site cross-functional team partnered with the general contractor involved in the renovation of the Suzhou facility to implement EHS programs to ensure the work area was safe for all groups involved in the project. The project was delivered on schedule, incorporating specifically designed energy-saving features, and the general contractor clocked 142,000 man-hours worked without a recordable accident.

2006: Tool Fire Protection Program (TFPP) – Multi-site, USA

A cross-site program was initiated to address equipment related fire concerns. TFPP consists of a baseline design review of legacy production equipment to detect potential fire safety issues and an annual thermal inspection of all production equipment to identify actual fire safety issues. The program resulted in 127 design reviews and thermal imaging involving thousands of pieces of equipment. Corrective action plans were developed to address hazards identified during the review and imaging exercise, and were tracked to closure.

2006: Cafeteria Improvements – Teparuk, Thailand

A cross-functional team worked on improving the site cafeteria to better serve employees. Replacement of cafeteria equipment, upgrading of firefighting equipment, training of staff on hygiene practices, health food menu options and a customer satisfaction survey were some of the improvements initiated by the team. As a result of the improvements, during the year there were no food borne illness reported and the number of employees patronizing the cafeteria increased.

Work Environment

Employee Demographics

Seagate has a diverse workforce with a major presence in eight countries, including China, Malaysia, Singapore, Thailand, U.K. and the U.S. The company also has presence in numerous other geographies in the form of sales offices.

As a multi-national company that is vertically integrated – that is, we own our own component and product design and manufacturing operations – Seagate employs a wide range of people in a vast number of job functions, ranging from production operators to engineers to scientists and other professional employees.

The company in FY2007 employed approximately 54,000 employees, temporary employees and contractors worldwide, of which approximately 43,000 employees were located in our Asian operations.

Ensuring HR's Compliance with Global, National and Local Legislation and Regulations

In FY06, Seagate's HR organization undertook a major review of all the company's global and local HR policies and processes. We benchmarked our policies and processes with global HR practices, and ensured their alignment with Seagate's corporate goals and values, their compliance with global, national and local regulations (including global citizenship requirements), and greater site-to-site commonality. The outcome of this globally-led effort was a tenfold reduction in the number of HR policies worldwide, and the launch of a Global HR Policies website and HR forms page on the company intranet.

Since then, Seagate HR has continued to ensure that the company's HR policies are in compliance with global, national and local regulations through ad hoc review and changes as well as an annual policy review process for all policies and processes globally. In addition to this policies review, the HR organization introduced cross-site audits of HR practices against established HR policies and processes in FY07.

Alignment of Seagate's practices with the UN Global Compact principles

In FY05, Seagate established a human rights policy that specifically reinforces our commitment to the UN Global Compact Principle 1, "support and respect of human rights"; Principle 2, "no complicity in human rights abuses"; Principle 3, "freedom of association"; Principle 4, "elimination of forced/compulsory labor,"; Principle 5, "abolition of child labor"; and Principle 6, "elimination of discrimination."

Seagate's policy articulates global standards covering respectful treatment, due process, freedom of association, reasonable limitation of working hours, fair compensation, freedom to express opinions, and more.

Enhancing Hiring Practices at Seagate

Seagate is committed to identifying, engaging and retaining top talent globally. In line with our HR strategy of ensuring that Seagate attracts, retains, develops and leads a diverse workforce, Seagate HR evaluated leading staffing practices and analyzed employment trends to help the Company meet its hiring and retention objectives. In FY06, work began on implementing a global applicant tracking system to enable Seagate's HR professionals to more efficiently support our recruiting and staffing processes.

The Seagate Job Wizard, an applicant tracking software platform, was launched world-wide in February 2007. This platform significantly improved Seagate's workforce planning through increased response time and service levels resulting from reducing hiring cycle times and streamlined processes. Implementation of this system automated many redundant, manual processes and made reporting on these processes global.

The Seagate Job Wizard provides automated requisition and offer approvals, electronic workflow for candidate movement, automated communications, internal job posting and automated pre-screening, all in a single application which communicates with our existing technologies, such as the Human Resources Management System (HRMS) and the Human Resources Business Intelligence (HRBI), for effective and consistent data flow and delivery of critical metrics. The Seagate Job Wizard has become the primary mechanism by which employees, contractors and agency temporaries enter into employment or contract work with Seagate.

In FY2007, another staffing improvement included introduction of the Seagate Career Explorer, a career site for internal and external hires. By using this web-based technology, which includes the company's targeted employment branding messaging, Seagate is able to provide an attractive and compelling career opportunity message to internal and external talent around the world.

Gathering Employees' Feedback and Keeping Them Engaged

In FY2007, employees continued to have access to and utilize the company's Open Door Policy and its globally available Ethics Helpline to provide feedback to management or to raise issues to management. Additionally, managers were encouraged to conduct skip-level, roundtable and one-on-one discussions with employees regularly. At manufacturing locations, management also used employees' Suggestions Scheme or Voice-Out programs to gather feedback or suggestions from employees.

In FY2007, Seagate's HR department introduced a global Employee Relations tracking process to enable HR to track the time it takes to resolve employee issues globally.   In FY2007, 85.6% of employee issues were resolved within 5 business days without investigation, while for those which required investigation, 98.1% of employee issues were resolved within 30 business days.

Keeping Employees Performing and Learning

Seagate employees and leaders are committed to effective performance management processes that support achievement of individual, departmental and corporate objectives. That means setting and aligning goals at the start of each year, along with individual development plans. During the course of the fiscal year, managers and direct reports have regular interactions and updates regarding goals, and complete annual performance evaluations that include an assessment of performance against Seagate's values and leadership competencies.

To facilitate the overall performance management process globally, Seagate has invested in a global goal-alignment process supported by an online application – called iMAP (Integrated Maximizing Alignment and Performance) – which was recognized by the Corporate Executive Board, a leading research organization, in 2002 as being best-in-class. In FY2007, greater than 95% of employees created their goals in the iMAP application at the start of the year, and nearly 90% of employees completed their development plans in iMAP as well.

Seagate has also integrated its Learning Management System into the iMAP application, thus allowing managers and employees to obtain their learning resources and information from a single online application. iMAP currently provides over 560 online course offerings covering leadership development, professional development, computer/ IT development, and functional competencies (e.g. Environment, Health & Safety and Six Sigma/ Business Excellence-related) from highly recognized learning experts. In addition, Seagate has created its own custom online learning courses and facilitates blended learning programs – especially in leadership and management development – at major sites worldwide.

Adoption of online learning progressed in FY2007 – 85% of courses taken during the fiscal year were done through e-Learning, compared with 70% in FY06.

In addition, in FY2007, over 2,040 Seagate people managers participated in leadership programs organized globally through our blended learning approach. Seagate also launched a Strategic Leadership Development program in collaboration with Harvard Business School, and 60 of the company's senior leaders participated in FY2007.

Seagate's online iMAP process and application were highlighted at two HR conferences in FY2007, namely, the HR Executive and the International Association of Human Resource Information Management (IHRIM), and these attracted much attention on our performance and learning management system among the conference audience.

Seagate also offers traditional support for employees' efforts to acquire job-related skills through its global tuition assistance policy. This policy allows reimbursement of tuition expenses or other fees for approved university-level and other educational courses.

Ensuring Employees' Well-being and Work/ Life Balance

Seagate invests in a wide range of benefit programs around the world to help support the health, well-being, security, and productivity of its employees. Seagate's benefits are benchmarked to local market practice, industry norms, and cultural requirements, while reflecting the global standards of a leading, multinational organization. Although these programs take different forms depending on geography, the Seagate plans offer value and flexibility overall, in support of our employees and in some cases their dependents.

Some examples of these Seagate programs that reflect our commitment to our people include: health care plans, wellness initiatives including fitness programs, fitness centers, and preventive health screenings; vacation, leave, and paid time-off programs; retirement savings opportunities, counseling and related support services, discounted retail products, adoption support, children's scholarship program, and equity ownership opportunities.

In FY2007, some healthcare benefits programs were enhanced for the company's Asia employees. In Malaysia and Singapore, Seagate increased coverage in its hospitalization and surgical schemes for employees, and improved its claims process; while in China, a supplementary hospitalization and surgical scheme was introduced for employees at the company's newest facility, Suzhou.

Rewarding & Recognizing Employees

Employee compensation at Seagate is designed to build and sustain a diverse, high-performing team environment. The company's compensation strategy focuses on providing base pay that is competitive to local market conditions, supplemented by incentive pay opportunities that reward performance.

Employees who display extraordinary performance in helping Seagate achieve its business objectives can be rewarded and recognized in a number of ways. Rewards could range from monetary spot bonuses to gifts or letters of commendation.

The company's compensation philosophy also provides for variable rewards based on individual and company performance in addition to base pay, thus providing a tangible incentive for employees to excel.

Seagate Equity Ownership

Dedicated, focused employees who contribute their expertise in the workplace each day are the fundamental "engine" driving the ongoing success of the company. Seagate believes such contributions should be rewarded. The company's variable pay and benefit programs include several vehicles by which employees can participate in company success through Equity Ownership: stock options and the Employee Stock Purchase Plan.

Though each program is distinct in terms of its provisions, they share a common objective of offering employees the opportunity to build a long-term ownership stake in the company.

Executive Compensation at Seagate

The Board of Directors' Compensation Committee, composed of three independent directors, reviews and approves our compensation practices for attracting, retaining, developing and motivating executives for senior management positions. Acting on behalf of the Board, the Compensation Committee is authorized to develop and approve all compensation and equity programs for our executives and for members of the Board.

Seagate's executive compensation program objectives are:
- To provide a competitive level of total compensation (base salary, variable pay, and long-term equity incentive opportunities) to attract and retain selected executives;
- To motivate and reward executives to achieve Seagate's business objectives as approved by the Board;
- To align the interests of the executives and shareholders; and
- To manage the cost of total compensation and its impact on shareholder return.

The Company's publicly disclosed Compensation Discussion and Analysis details the executive compensation strategy and practices for compensating senior vice presidents and executive vice presidents (including the Named Executive Officers [NEO]) and the Board of Directors. It was published within the Proxy Statement for the Annual General Meeting of Shareholders on October 25, 2007.

Ensuring Diversity in our US Workforce and Work Practices

Seagate sees "diversity" as all of the ways in which people are different and alike, such as: experience, perspective, ethnicity, gender, gender identity, age, culture, sexual orienta-

tion and disability. Seagate seeks both representation and an inclusive work environment, where employees are valued and have opportunities for development and growth. Seagate also believes employees' talents will be utilized to the fullest and organizational performance will be strengthened in a diverse environment.

In FY07, the company continued the diversity momentum from FY06. In particular,   efforts were focused on the following areas:

Enhancing the Internal and External Diversity Websites

In FY07, Seagate rebuilt its internally-facing diversity website as well as enhanced its external Seagate website with diversity statements and information. The purpose of the redesign was to be able to communicate pertinent information (internally) to Seagate employees regarding Seagate's corporate diversity and site-wide diversity events, and to illustrate to external audiences such as those applying for employment the importance of diversity in the workforce.

Enhancing relationships with local Diversity Pipeline Networks

In the last year, Seagate also established relationships with local chapters of Diversity Pipeline Networks such as National Society of Black Engineers (NSBE), Society for Hispanic Professional Engineers (SHPE), Society of Women Engineers (SWE), American Indian Science and Engineering Society AISES), and Mathematics, Engineering, Science Achievement (MESA). Diversity Managers and site employees established a connection with these local chapters to further build a pipeline of future hires for Seagate. The company also sponsored high-performing diversity university students at a nationwide event aimed at career pathing, networking and recruitment.

Partnering with Corporate Communications on External Diversity Opportunities and Community Involvement

US sites worked with the local community to find opportunities to support diversity activities that foster and promote Seagate's values around diversity; such as hosting Native American Leadership Conference for local Native American high school students, and sponsoring Expanding Your Horizons, a program to support young girls' participation in science and math.

Supporting US Site Diversity Quarterly events

All the Seagate US sites supported the corporate diversity strategy by delivering on quarterly diversity events. Sites hosted an event each quarter, each supporting a common theme. These events provided an educational opportunity increasing the awareness of matters related to diversity. The

events were open to all Seagate employees. Examples of these events include:

Women in Technology Panel Discussion

This session was a panel discussion with female managers at the US sites. These female managers shared their thoughts/experiences on several topics including key factors contributing to their success, key learnings, work-life balance and thoughts for managers wanting to help the women on their teams be successful.

Disabilities in the Workplace

This session focused on raising awareness around the visible and hidden disabilities many employees bring to the workplace. It also provided opportunities for people to see and experience the current assistive technologies that exist for people who may need a workplace accommodation. e.g. voice recognition software for typing, transcription software from text to Braille and telephone typewriter (TTY).

Asian and African-Americans in Technology Events

These events focused on highlighting the contributions made in the field of technology by Asians and African-Americans. Some sessions were facilitated discussions while others were lunch-hour video presentations.

Generational Differences in the Workplace Bulletin Board Displays

These displays summarized trends, thoughts, influences of different generations and the impact that has had in the workplace.

Recognition for Seagate's Diversity Initiatives

Seagate has been recognized by various well-known organizations and publications for its diversity efforts over the years. In 2007, Seagate's Senior VP of World-wide HR, Karen Hanlon, was highlighted in the "Profiles in Diversity" journal as a 'Woman Worth Watching in 2007.'

Corporate Governance

Seagate's corporate governance standards are set at the highest level in the company, starting with the Board of Directors, and flow down through every level of the company. Corporate governance at Seagate spans many aspects of the company's operations, practices and procedures. It includes accountability of employees, officers and members of the Board of Directors, and guidelines and mechanisms to ensure good, ethical corporate behavior designed to protect shareholders, employees, customers, suppliers, the environment and the global community, while maximizing investor returns.

Seagate implements corporate governance through processes, policies, laws and practices affecting the way Seagate is directed and administered. Seagate takes corporate governance seriously, and is committed to maintaining its record of meeting or exceeding ethical and legal standards throughout its business operations.

In FY2007, Seagate continued its commitment to good corporate governance by reinforcing and improving governance and ethics related programs. Seagate's Board of Directors, including its Audit and Nominating and Corporate Governance committees, remained very engaged in compliance and governance, reflecting the Company's longstanding focus on ethics, transparent accounting and effective corporate governance. At Seagate, employees are continually working to improve the Company's corporate governance programs and procedures to ensure that Seagate continues to uphold its reputation for being a responsible corporate citizen.

Board of Directors

Seagate's Board of Directors has long adhered to sound corporate governance practices designed to assure that it fulfill its responsibilities to stakeholders. The Board has adopted and disclosed Corporate Governance Guidelines to clarify how it exercises its responsibilities. Additionally, these guidelines demonstrate that the Board has the necessary authority and practices in place to review and evaluate the Company's business operations as appropriate and to make decisions that are independent of the Company's management.

The Corporate Governance Guidelines, along with the charters of the committees of the Board, describe the Board's framework for the governance of the Company. The Board reviews its Corporate Governance Guidelines and its committees' charters at least annually, and continues to assess the appropriateness and efficacy of both, which are subject to change as the Board deems appropriate in the best interests of the Company or as required by applicable laws and regulations.

Seagate's Board of Directors currently consists of eleven members, nine of whom have been affirmatively determined by the Board to be "independent" under the New York Stock Exchange Listing Standards, where Seagate's shares are traded. In addition, each of the members of the Audit, Compensation, and Nominating and Corporate Governance committees are independent.

Committees of the Board

Each of the committees of the Board has a specific mission, which is summarized below, and set forth in greater detail in each committee's written charter. The committee charters are posted on the Company's external website. Annually, each committee performs a self-assessment of its performance and the performance of its members, and its compliance with its charter.

Audit Committee

The Audit Committee is responsible for oversight of the quality and integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the independent auditors' qualifications and independence; and the performance of the Company's internal auditors.

In addition, the Audit Committee, pursuant to the Sarbanes-Oxley Act, is chartered with the receipt, retention and treatment of complaints received through the Ethics Helpline, and has committed Company resources to ensure thorough and timely evaluation and treatment of all complaints received.

Compensation Committee

The Compensation Committee, composed of three independent directors, reviews and approves our compensation practices for attracting, retaining, developing and motivating executives for senior management positions. Acting on behalf of the Board, the Compensation Committee is authorized to develop and approve all compensation and equity programs for our executives and for members of the Board.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying individuals and selecting candidates to become directors; reviewing shareholder proposals relating to corporate governance, including director nominations by a shareholder; recommending and overseeing the implementation of a set of corporate governance principles; taking a leadership role in shaping the Company's corporate governance; and overseeing the evaluation of the Board.

Sarbanes-Oxley Compliance

The Sarbanes-Oxley legislation of 2002 is considered to be the most significant financial regulatory change in the United States in many years. Specifically, Section 404 of this legislation, dealing with internal control over financial reporting, took effect for Seagate in 2005. Based on Seagate's assessments of its internal controls over financial reporting in 2007, the Company reported in its FY2007 10-K that its internal controls over financial reporting are operating effectively. As required by the Sarbanes-Oxley legislation, Seagate's independent registered public accounting firm, Ernst & Young, also found the Company's internal controls over financial reporting effective.

Code of Business Conduct and Ethics

To help maintain its high ethical standards, the Company has an established Code of Business Conduct and Ethics that is applicable to all employees, officers and directors of the Company and its subsidiaries. This Code summarizes the Company's ethical standards and key policies in such areas as insider trading, conflicts of interest, fair dealing, and more, covering areas in which employees, officers and directors have responsibilities to the Company.

All employees, officers and directors are expected to comply with the Code at all times. Violation of the Code is cause for discipline, up to an including termination of employment with Seagate. The Code is continually reviewed to ensure that employees, officers and directors have current and relevant information about expected behavior and the appropriate courses of action to take in situations they and the company may face.

Conflict of Interest and Ethical Conduct

Seagate values its reputation for integrity and conducts its affairs in a manner that is ethical, in support of fair and open competition and in strict compliance with applicable legal requirements. Accordingly, Seagate expects all employees to represent the Company in a positive and ethical manner and to avoid activities which are in actual or potential conflict, or give the appearance of being in conflict, with legal and ethical principles or which are not in the best interests of the Company, its customers, or its suppliers.

Seagate's Conflict of Interest and Ethical Conduct Policy applies to the Company's Board of Directors and all employees, including managers, executives and officers of Seagate Technology and its subsidiaries worldwide.   All new indirect labor employees are required to affirm, during the on-boarding process, that they do not have any conflict of interest, or to disclose any actual or potential conflicts.

In May 2007, Seagate rolled out its annual affirmation process, whereby all members of the Board of Directors and indirect labor employees were required to read the policy, and provide an affirmation that they did not have any conflicts of interest, or disclose any actual or potential conflicts. Approximately 17,650 people participated in the affirmation process in FY2007.

Ethics Helpline

Seagate believes that upholding the Company's values and maintaining its integrity is the responsibility of everyone at Seagate, and encourages employees to speak up if they become aware of an illegal or unethical situation in the workplace. Seagate has an open-door policy, and encourages employees to talk with their supervisor or human resources representative. Seagate also provides a toll-free and secure Ethics Helpline, which is available to all employees, and third parties.

The Ethics Helpline is available to all callers, including third parties, 24 hours per day and seven days per week, to allow reports of any violations of the law, including theft or fraud, falsification of documents, insider trading, conflicts of interest, violations of Seagate's Code of Business Conduct and Ethics, or other issues. Information about the Helpline is available to employees directly in the main home page of the Seagate intranet, and is also available on the Company's external website.

Investigation Practices

In the event an illegal or unethical situation is reported, Corporate Investigations, headed by Corporate Security, is responsible for coordinating prompt investigations. Allegations regarding acts of theft, fraud, embezzlement, unauthorized disclosure of Seagate Proprietary Information/Trade Secrets, are some of the primary types of incidents of concern to Seagate.

The local management team (or Business Unit) is instructed to refrain from conducting any form of inquiry or investigation before, during, or after reporting suspicious activities or allegations to Corporate Investigations. All investigations are kept in strict confidence and conducted in conjunction with Internal Audit, Legal, and Human Resources, and are discussed only with those persons who have a "need to know."

Communication and Visibility

Seagate continues to ensure that governance, ethics and SOX compliance issues and requirements are visible and understood within the company – in ways that are clear and relevant to employees, by providing employees with information available on the Company's intranet, to new employees during the onboarding process, and delivering the message to various audiences throughout the Company.

Seagate believes in the overall importance of ethics in the Company's business and culture, and remains committed to its communication and education efforts about the Company's corporate governance and ethical environment.

Read more about Corporate Governance at www.seagate.com.

Supply Chain

As a signatory to the Electronics Industry Code of Conduct (EICC), Seagate reaffirmed in FY2007 its strong commitment to Global Citizenship in the company's supply chain by:

- Having a management system that supports conformance to the Code and its standards,
- Requiring the next tier suppliers to acknowledge and implement the code,
- Engaging with stakeholders to obtain input for further development of the code, and
- Participating in EICC and other industry work groups, meetings and audits.

FY2007 Highlights

Specific FY2007 actions and accomplishments included:

- EICC acknowledgement – the company also began assisting suppliers in doing so.
- Prioritizing the global supplier base for assessments of their GC practices and training around key areas,
- Training – the company began developing a training program for suppliers to ensure they comply with laws and international standards regarding labor, the environment, or EICC.
- Working with suppliers to address issues, to the extent corrective actions were needed.

In addition, for several years the company has had GC language and requirements embedded in its contracts, and requires supplier adherence to those standards. Seagate also requires its suppliers to meet its Product Stewardship standard: components in Seagate products and packaging are certified to meet stringent materials content requirements. The company requires its suppliers to provide detailed materials content data in support of compliance, and periodically audits these certifications with third-party laboratory tests.

Engaging with the Supplier Base

In FY2007, Seagate established a simple, online Supplier Collaboration workspace for suppliers and commodity management teams (CMTs) to speedily share information using a secure website. This allowed faster communication on key strategic issues, as well as one common document used as the master.

The company also held its annual Supplier Day, where Seagate executives and commodity management teams hosted key suppliers for each commodity. The intent of the meeting was to share key information with suppliers to help build relationships and provide insight for planning, product overviews and future roadmaps. Seagate factory tours were also provided for suppliers to see and learn about the company's operations.

Seagate's Materials and Supply Chain Mission

To provide Seagate a Competitive Advantage in Materials by establishing a Leading Strategic Supply Base offering Access to Technology, Time to Volume, World-Class Manufacturing Capability, Component Quality, Flexibility and Lowest Overall Cost, while maintaining the ultimate goal of Customer Satisfaction.

Seagate executives also met with supplier CEOs at the company's annual Supplier CEO Advisory Council to share product information and discuss issues in an open forum.

Supplier Education and Training

Seagate believes that training is an integral and necessary part of our supply chain. Seagate actively works to educate its supplier base– ensuring that they understand the GC requirements in their contracts before signing, acknowledging that GC is of critical importance to both Seagate and its customers, and realizing that future GC requirements might be forthcoming. To that end, the company began in FY2007 to develop a comprehensive training package for suppliers.

The company expects to roll the training program out at the end of CY2007 to all key suppliers. The training will be web based and can be accessed conveniently by the company's suppliers. The website will track/document the learning and completion activities of each supplier. To support this effort, Seagate will require that at least one key individual at each supplier will be required to complete training, and that person would then be responsible for cascaded the training within his or her own company.

Human Rights Policy

Policy:

As a global industry leader, Seagate welcomes the responsibility to also be a "Global Citizen." In partnership with employees, community members, customers, suppliers, and other stakeholders, our commitment to Global Citizenship includes support of the ten Principles of the United Nations Global Compact within our sphere of influence. These Principles address responsibility for the environment and other matters; however, most address the international human rights and labor standards that must be upheld to ensure the well-being and dignity of each person.

We have developed policies to reinforce our commitment to uphold these human rights and labor standards. We will abide by these policies or the local law in the countries where we operate, whichever sets a higher standard. Managers are responsible for upholding these Principles and for ensuring adherence to all company policies and guidelines in their support.

Procedure:

The following are some of Seagate's basic standards with regard to International Human Rights and Labor Standards:

- Respectful treatment. Employees must respect and value each other and we hold everyone accountable for this. Violations, such as physical abuse and/or harassment or the threat of either, are not tolerated. (Refer to Harassment and Workplace Violence policies.)
- Employment based on achievements. Decisions about employees are based on achievements against job goals and/or standards and required competencies; decisions about applicants are made on qualifications against job requirements. In all employment actions, we prohibit discrimination based on age, race, color, ancestry, ethnic or national origin, disability, medical status, pregnancy, marital status, veteran standing, gender or gender identity, sexual orientation, perceived or actual religious beliefs or political opinion, or other characteristics protected by applicable law. (Refer to Equal Employment Opportunity policy.)
- Free to express opinions.
- Every employee has a right to openly express his or her opinion. In fact, we welcome and encourage ideas and input, including notification of issues and concerns. (Refer to Open Door policy.)
- Fair compensation. We assess performance against job requirements and consider business conditions and appropriate market comparisons to deliver compensation. We will compensate employees with wages and benefits that meet or exceed the legally required minimum. (Refer to Base Pay and Other Pay Components policy.)
- Due process. We understand that an employee may not meet performance or conduct expectations. In such circumstances, the employee has a right to a fair process of review. (Refer to Performance Management and Open Door policies.)
- Reasonable limitation of working hours. We will not require employees to work more than 60 hours per average work week, or in excess of the maximum hours of daily labor set by local laws in the countries in which we operate. We will also provide employees with at least one day off per every seven days, on average, and comply with all applicable overtime pay requirements. (Refer to Hours of Work policy.)
- Free to associate. We respect and adhere to all applicable laws concerning the right of workers to organize in labor unions and engage in collective bargaining. However, we believe maintaining an open, unencumbered relationship between Seagate employees and their managers is the most effective means of addressing work environment questions and concerns.
- Free to choose employment. We will ensure that the overall terms of employment are voluntary. We will ensure no forced, bonded or involuntary prison labor is used in the production of Seagate products.
- Employment at age 18 or higher. We strictly prohibit child labor and will comply with all local minimum age laws and requirements and/or set a minimum employment age of 18, whichever sets the higher standard. (Refer to Recruitment at Seagate policy.)

Environmental Health and Safety Policy

Seagate is the world's leading provider of storage technology for Internet, business and consumer applications. As a global industry leader, and in accordance with our Company's values, we are committed to promoting the well-being of our employees, protecting the environment, and contributing to the economic vitality of the communities in which we operate.

All Seagate employees and contractors are required to work safely and ensure that EHS requirements are integrated into their daily work activities, projects and programs. As a company, Seagate will:

- Provide employees and contractors with a safe workplace by identifying and eliminating the causes of occupational injuries and illnesses.
- Support sustainable economic growth and minimize impact to the environment by reducing emissions to the air, land, and water through process improvements and responsible operating practices.
- Develop safe and eco-efficient products and manufacturing processes by integrating EHS considerations into all aspects of research, design, and development.
- Implement comprehensive management systems that ensure compliance with local laws, regulations and internal standards and deliver measurable EHS performance improvements.
- Support the global communities in which we operate through sponsorship of environmental, educational, social, health-related, and other worthy causes.
- Partner with suppliers, customers and stakeholders to publicly share best management practices and EHS performance criteria.

William D. Watkins
Chief Executive Officer

Seagate

Seagate Technology

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