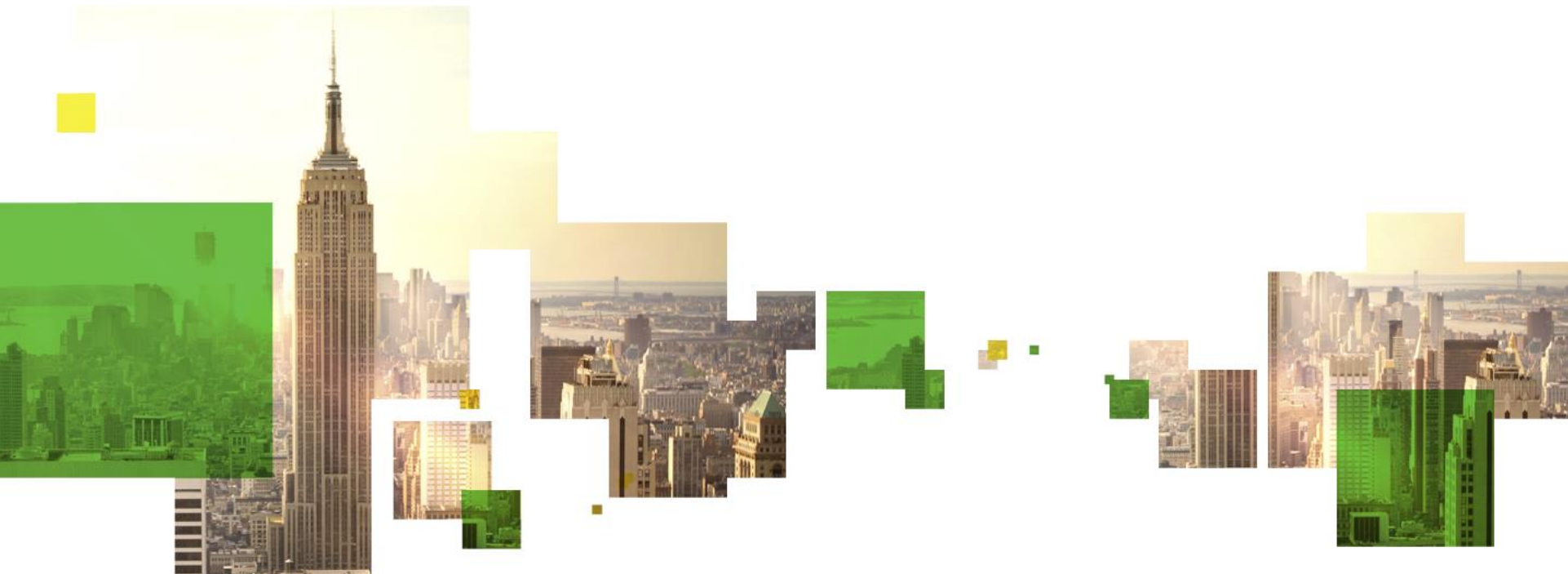


FISCAL Q2 2016



SUPPLEMENTAL FINANCIAL INFORMATION

January 29, 2016



Safe Harbor Statement

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects and estimates of industry growth for the fiscal quarter ending April 1, 2016 and beyond. These statements identify prospective information and may include words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects” and similar expressions. These forward-looking statements are based on information available to the Company as of the date of this document and are based on management’s current views and assumptions. These forward-looking statements are conditioned upon and also involve a number of known and unknown risks, uncertainties, and other factors that could cause actual results, performance or events to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company’s control and may pose a risk to the Company’s operating and financial condition. Such risks and uncertainties include, but are not limited to: the uncertainty in global economic conditions; the impact of the variable demand and adverse pricing environment for disk drives, particularly in view of current business and economic conditions; the Company’s ability to successfully qualify, manufacture and sell its disk drive products in increasing volumes on a cost-effective basis and with acceptable quality, particularly the new disk drive products with lower cost structures; the impact of competitive product announcements; currency fluctuations that may impact the Company’s margins and international sales; possible excess industry supply with respect to particular disk drive products and disruptions to our supply chain or production capabilities; unexpected advances in competing technologies; the development and introduction of products based on new technologies and expansion into new data storage markets; and the Company’s ability to achieve projected cost savings in connection with restructuring plans and fluctuations in interest rates. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this document is contained in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 11, 2015, the “Risk Factors” section of which is incorporated into this document by reference and other documents filed with or furnished to the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the Company’s views as of any subsequent date and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

Use of Non-GAAP Financial Information

To supplement the condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP measures of revenue, cost of revenue, net income, diluted net income per share, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses, operating income, and other income (expense) which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures are provided to enhance the user's overall understanding of the Company's current financial performance and our prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain expenses, gains and losses that we believe are not indicative of our core operating results and because it is consistent with the financial models and estimates published by financial analysts who follow the Company. Free cash flow and free cash flow per diluted share do not reflect all of the Company's expenses and non-cash items and do not reflect the Company's uses of cash in financing and investment activities. The Company believes that free cash flow per diluted share provides useful information to investors about the Company's metrics to track performance and evaluate the potential impact of various business, financial and strategic opportunities. However, it does not reflect amounts accruing directly to shareholders' benefit or available for distribution.

These non-GAAP results are some of the primary measurements management uses to assess the Company's performance, allocate resources and plan for future periods. Reported non-GAAP results should only be considered as supplemental to results prepared in accordance with GAAP, and not considered as a substitute for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies in our industry.

Financial Highlights



Revenue of **\$3.0 billion**

Non-GAAP operating expense of **\$453 million**, reduced **17%** year-over-year

Paid quarterly cash dividend of **\$0.63** per share, increased **17%** year-over-year

Generated **\$1.2 billion** in operating cash flow and **\$860 million** in free cash flow YTD

Returned **\$1.4 billion** to shareholders in the form of dividends and share redemptions YTD

Shipped **60.6 exabytes**, grew **10%** quarter-over-quarter

Average capacity per drive of **1,320 GB**, grew **13%** quarter-over quarter, **23%** year-over-year

Product and Technology Development Highlights

- ❖ Introduced [ClusterStor™ L300](#), [ClusterStor™ A200](#), and [Seagate ClusterStor™ G200 Spectrum](#), high performance computing (HPC)-class storage solutions. Also introduced [ClusterStor HPC Drive](#), which can be integrated with the ClusterStor L300.
- ❖ Announced Seagate's first **10TB enterprise capacity HDD**, the [Seagate® Enterprise 3.5 Capacity HDD](#).
- ❖ Launched the world's first **8TB surveillance HDD**, [Seagate® Surveillance HDD](#), the largest drive of its kind for surveillance applications in the industry.
- ❖ Launched the [Seagate® NAS HDD 8TB](#), the highest-capacity drive optimized for RAID, NAS and server storage.
- ❖ Launched the [world's thinnest 2TB Mobile Hard Drive](#) with Backup Plus Ultra Slim.
- ❖ LaCie, the premium brand of Seagate, unveiled the [LaCie® Chromé desktop storage](#) and [LaCie® Porsche Design Drives](#) at 2016 CES.
- ❖ Celebrated its 20th Anniversary in China and [announced the establishment of the Storage Technology Association of China \(STAC\)](#), initiated by China Information Industry Association and Seagate Technology.
- ❖ Announced the formation of [Seagate Government Solutions](#), a new U.S.-based business entity dedicated to helping address the growing data-management needs of government agencies.
- ❖ Announced the launch of the [SAGE European Exascale HPC project](#). Seagate will lead the project, working with nine partners across sectors, industries, and countries to research and redefine data storage in the era of extreme data and Exascale computing.

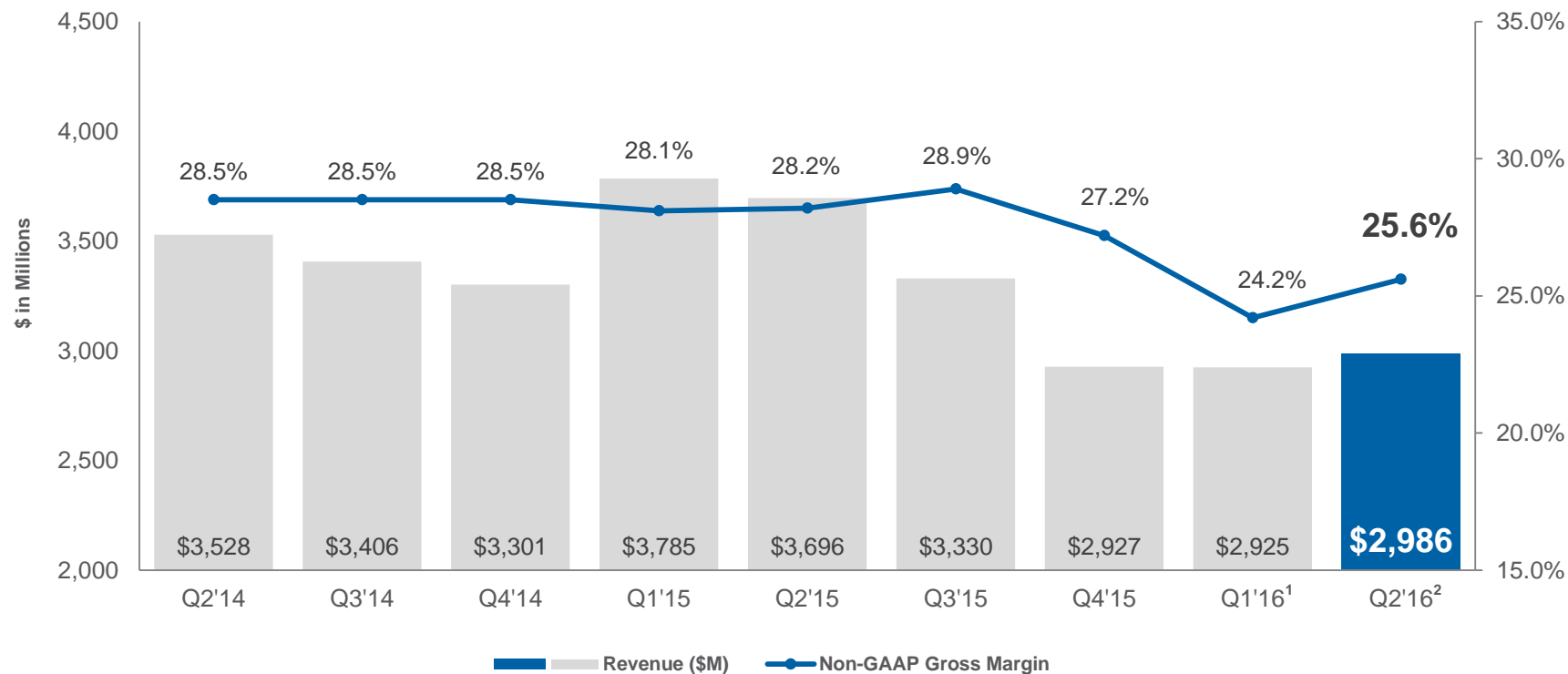
Quarterly Financial Trends

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15 ²	Q3'15	Q4'15	Q1'16	Q2'16
Revenue (\$M)	3,528	3,406	3,301	3,785	3,696	3,330	2,927	2,925	2,986
Gross Margin %	28.0%	28.2%	28.0%	27.8%	27.8%	28.7%	26.5%	23.6%	24.8%
Operating Expenses (\$M)	543	515	515	595	(26)	612	570	603	512
Net Income (\$M)	428	395	320	381	933	291	138	34	165
Diluted EPS	\$1.24	\$1.17	\$0.95	\$1.13	\$2.78	\$0.88	\$0.43	\$0.11	\$0.55
Non-GAAP Results¹									
Gross Margin %	28.5%	28.5%	28.5%	28.1%	28.2%	28.9%	27.2%	24.2%	25.6%
Operating Expenses (\$M)	496	470	509	550	546	555	515	501	453
Net Income (\$M)	455	453	370	453	452	357	250	165	246
Diluted EPS	\$1.32	\$1.34	\$1.10	\$1.34	\$1.35	\$1.08	\$0.77	\$0.54	\$0.82
End of Qtr Actual Share Count (M)	328	326	327	327	329	318	315	299	296
Diluted Shares O/S for EPS (M)	346	338	337	337	336	330	323	308	301
Dividend Per Share Paid	\$0.43	\$0.43	\$0.43	\$0.43	\$0.54	\$0.54	\$0.54	\$0.54	\$0.63
Shares Repurchased (M)	33	4	0.5	3	0.3	12	3.2	20	2.9
Fiscal YTD Shares Repurchased (M)	37	41	41	3	3	15.3	18.5	20	22.9
Revenue by Product Line (\$M)									
HDD	3,486	3,363	3,144	3,582	3,470	3,102	2,713	2,716	2,727
Enterprise Systems, Flash, and Other	42	43	157	203	226	228	214	209	259

1. See "GAAP to Non-GAAP Reconciliations" slide for GAAP reconciliation.

2. In Q2'15, Statement of Operations includes the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

Revenue and Non-GAAP Gross Margin



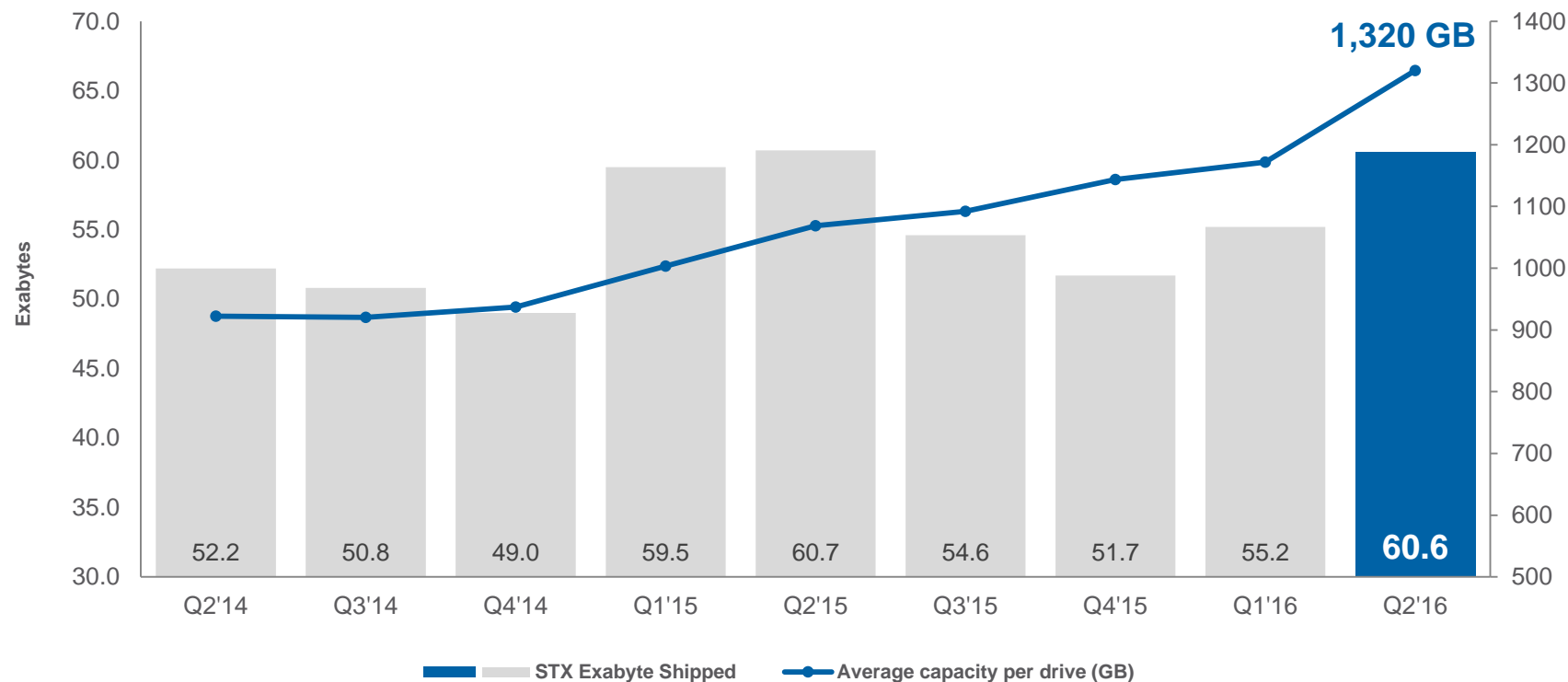
1. Q1'16 Revenue is \$2,925 million and Non-GAAP revenue is \$2,927 million. See 'GAAP to Non-GAAP Reconciliations' slide for GAAP reconciliation.

2. Q2'16 Revenue is \$2,986 million and Non-GAAP revenue is \$2,985 million. See 'GAAP to Non-GAAP Reconciliations' slide for GAAP reconciliation.

Product Mix Trends

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
<u>Enterprise</u>									
Capacity (EB)	10.3	10.6	10.6	14.7	16.7	17.1	15.5	14.6	17.7
Units (M)	7.8	7.7	7.2	8.6	9.0	9.0	8.1	7.6	8.1
<u>Client Compute</u>									
Units (M)	36.0	36.2	35.2	38.9	35.7	31.1	26.6	28.8	25.3
Desktop	19.2	19.8	18.4	18.7	16.0	14.3	11.9	12.4	11.7
Notebook	16.9	16.4	16.8	20.2	19.7	16.8	14.6	16.4	13.6
<u>Non-Compute</u>									
Units (M)	12.8	11.3	9.9	11.8	12.1	9.9	10.5	10.7	12.5
Consumer Electronics	6.7	5.4	5.1	6.0	6.1	4.8	5.8	5.5	6.2
Branded	6.2	5.9	4.8	5.7	6.0	5.1	4.7	5.2	6.3
Total HDD Capacity (EB)	52.2	50.8	49.0	59.5	60.7	54.6	51.7	55.2	60.6
Total HDD Units (M)	56.6	55.2	52.3	59.3	56.8	50.0	45.2	47.1	45.9
Average Capacity per Drive (GB)	922	920	937	1,003	1,069	1,092	1,144	1,172	1,320
Revenue by Channel									
OEM	66%	66%	70%	70%	69%	70%	73%	70%	69%
Distributors	21%	20%	19%	18%	18%	18%	15%	18%	16%
Retail	13%	14%	11%	12%	13%	12%	12%	12%	15%

Exabytes Shipped and Average Capacity per Drive



Cash Flow and Operational Trends

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15 ⁵	Q3'15	Q4'15	Q1'16	Q2'16
Cash ¹ (\$M)	2,343	2,310	2,658	2,205	3,306	2,614	2,492	1,921	1,264
Debt (\$M)	3,572	3,514	3,920	3,809	3,932	3,931	4,155	4,140	4,140
Cash Flow From Operations (\$M)	856	443	577	602	1,443	374	228	824	382
Capital Expenditures ² (\$M)	143	124	131	172	215	159	201	209	137
Free Cash Flow ³ (\$M)	713	319	446	430	1,228	215	27	615	245
YTD Cash Flow From Operations ⁴ (\$M)	1,538	1,981	2,558	602	2,045	2,419	2,647	824	1,206
YTD Shares Repurchased ⁶ (\$M)	1,702	1,886	1,912	183	201	907	1,087	983	1,090
YTD Dividends ⁴ (\$M)	277	417	557	140	317	493	664	163	351
YTD Percent Return of OCF ⁴	129%	116%	97%	54%	25%	58%	66%	139%	119%
Days Sales Outstanding	42	44	48	49	45	48	54	47	43
Days Inventory Outstanding	34	31	38	38	38	42	42	45	43
Days Payables Outstanding	56	50	60	62	59	65	64	77	71
Cash Conversion Cycle	19	25	26	25	24	25	32	15	14
Worldwide Headcount	52,650	51,099	52,594	54,049	54,840	53,602	52,346	51,079	50,048

1. Beginning Q1'16, restricted cash is no longer included. Prior to Q1'16, the balance includes cash, cash equivalents, restricted cash and short term investments.

2. Cash paid for the acquisition of property, equipment, and leasehold improvements.

3. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures.

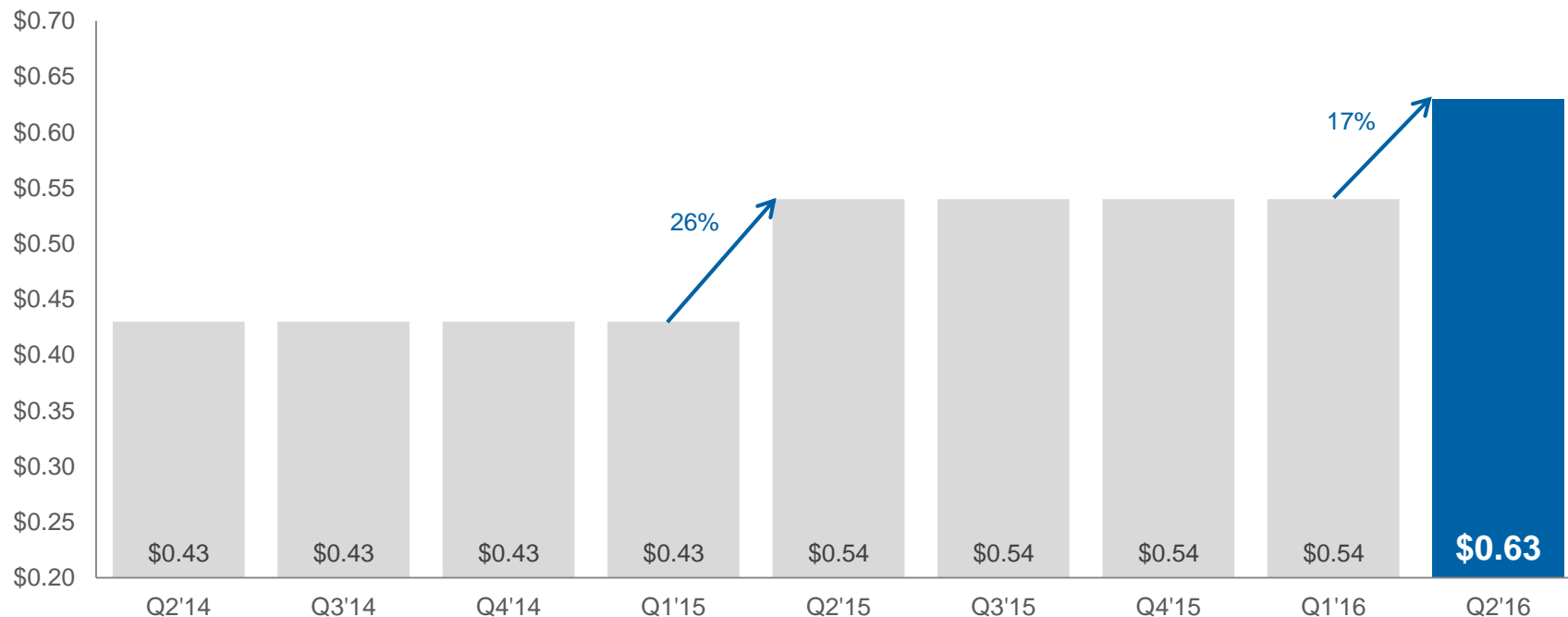
4. Based on Fiscal Year.

5. In Q2'15, Cash flow amounts include the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

6. Based on Fiscal Year. For YTD Shares Repurchased through Fiscal Q2'16, \$1,061 million was paid in cash and \$29 million was accrued for as of January 1, 2016.

NOTE: Minor calculation variances may be due to rounding.

Dividend per Share Paid History

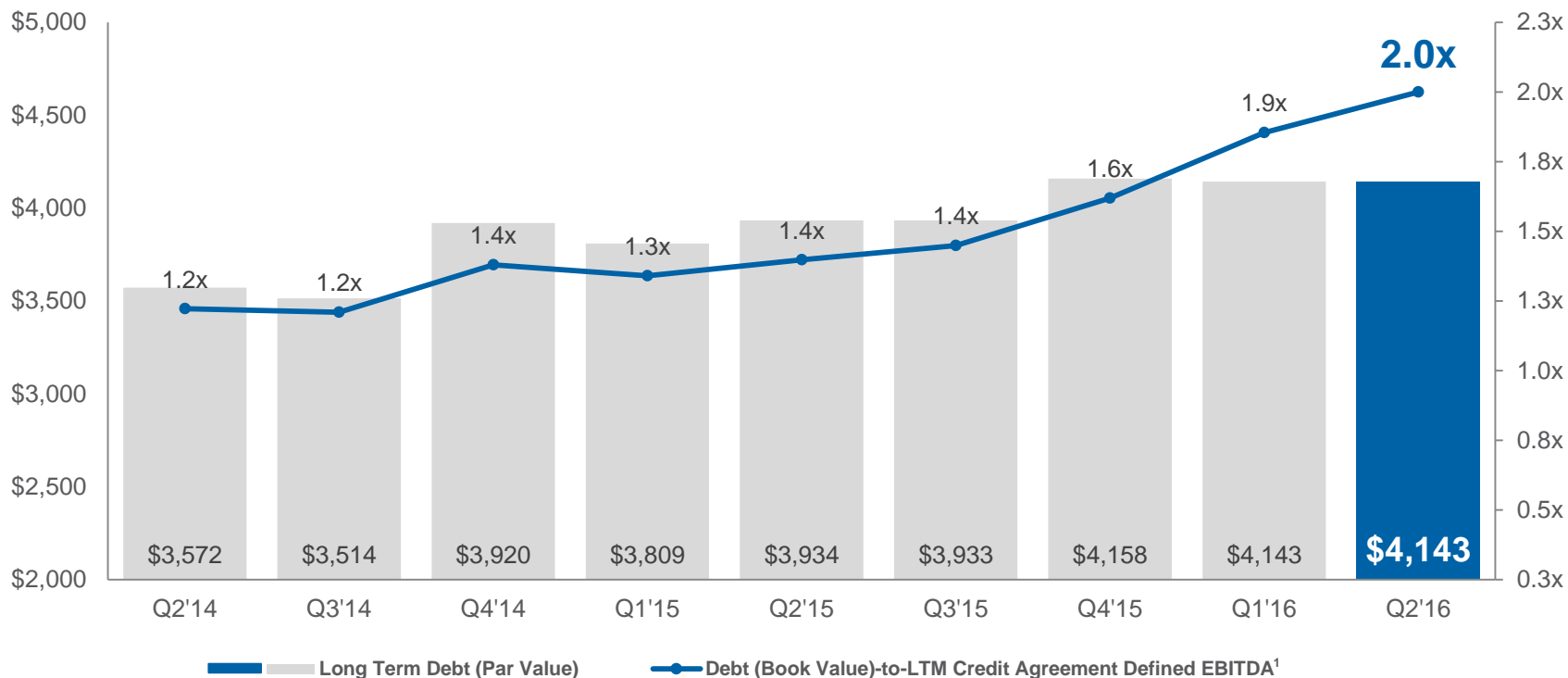


Long Term Debt Profile

Facility	Rate	Due	Par Value \$M	Book Value \$M
Senior Notes	3.75%	November 2018	\$800	\$800
Senior Notes	7.00%	November 2021	\$158	\$158
Senior Notes	4.75%	June 2023	\$990	\$990
Senior Notes	4.75%	January 2025	\$995	\$995
Senior Notes	4.875%	June 2027	\$700	\$698
Senior Notes	5.75%	December 2034	\$500	\$499
Total	4.78%¹		\$4,143	\$4,140

1. Total interest rate represents the weighted average interest rate.

Long Term Debt Profile



1. See 'GAAP to Adjusted EBITDA Reconciliations' slide for reconciliation of net income to adjusted EBITDA.

Long Term Financial Results

	FY10	FY15	5-Year CAGR
Exabytes Shipped	80	228	23%
Nearline Exabytes Shipped	6	57	57%
HDD Units Shipped	193 M	212 M	2%
Average Capacity Per Drive	0.4 TB	1.1 TB	22%
Revenue	\$11.4 B	\$13.7 B	4%
Cloud/New Storage Applications % of Revenue	47%	59%	
Non-GAAP Gross Margin %	28%	28%	
Non-GAAP Earnings Per Share	\$3.35	\$4.57	6%
Diluted Shares O/S	514 M	331 M	
Operating Cash Flow	\$1.9 B	\$2.6 B	6%
Capital Expenditures	\$639 M	\$747 M	3%

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
GAAP net income	\$428	\$395	\$320	\$381	\$933	\$291	\$138	\$34	\$165
<u>Non-GAAP adjustments</u>									
A. Revenue	-	-	-	-	-	-	-	2	(1)
B. Cost of revenue	17	11	14	12	14	8	19	17	23
C. Product development	3	0	0	4	6	4	2	6	3
C. Marketing and administrative	3	17	(25)	4	7	7	12	4	10
D. Amortization of intangibles	25	26	27	31	32	32	32	33	29
E. Restructuring and other, net	16	2	4	6	3	14	9	59	17
F. Gain on arbitration award, net	-	-	-	-	(620)	-	-	-	-
G. Other income (expense), net	(31)	2	76	15	(104)	1	17	10	-
H. Provision for (benefit from) income taxes	(6)	0	(46)	0	181	-	21	-	-
Non-GAAP net income	\$455	\$453	\$370	\$453	\$452	\$357	\$250	\$165	\$246
<u>Diluted net income per share:</u>									
GAAP	\$1.24	\$1.17	\$0.95	\$1.13	\$2.78	\$0.88	\$0.43	\$0.11	\$0.55
Non-GAAP	\$1.32	\$1.34	\$1.10	\$1.34	\$1.35	\$1.08	\$0.77	\$0.54	\$0.82
Shares used in diluted net income share calculation	346	338	337	337	336	330	323	308	301

A. Revenue has been adjusted on a non-GAAP basis for changes in the sales return provision for certain products that will be discontinued.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, and write off of certain fixed assets and discontinued inventory.

C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions.

D. Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

E. Restructuring and other, net, primarily related to a reduction in our work force as a result of our ongoing focus on cost efficiencies in all areas of our business, has been excluded on a non-GAAP basis.

F. Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

G. Other income (expense), net, was adjusted in Q2'15 to exclude a partial payment of \$143 million for interest accrued on the final arbitration award amount in the Company's case against Western Digital.

H. In Q2'15, Provision for (benefit from) income taxes, has been adjusted on a non-GAAP basis primarily to exclude the net tax expense associated with the final audit assessment from the Jiangsu Province State Tax Bureau of the People's Republic of China for changes to the Company's tax filings for the calendar years 2007 through 2013 and excludes tax items related to the release of valuation allowance on U.S. deferred tax assets associated with increases in the Company's forecasted U.S. taxable income.

Non-GAAP gross margin and Non-GAAP gross margin %: Non-GAAP gross margin is defined as Revenue less Cost of revenue less non-GAAP adjustments to Revenue and Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Non-GAAP Revenue.

Non-GAAP operating expenses, Non-GAAP operating income and Non-GAAP operating margin: Non-GAAP operating expenses is defined as Product development, Marketing and administrative, Amortization of intangibles, Restructuring and other, net and Gain on arbitration award, net adjusted for non-GAAP items C through F noted in the table above. Non-GAAP operating income is defined as Income from operations adjusted for non-GAAP items A through F noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Non-GAAP Revenue.

GAAP to Adjusted EBITDA Reconciliations

(\$ Millions)	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Income Before Income Taxes	\$442	\$390	\$284	\$392	\$1,126	\$304	\$149	\$31	\$180
EBITDA adjustments									
Depreciation	189	185	183	184	169	164	172	167	163
Amortization	40	26	28	34	39	39	40	41	46
Interest Income	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)
Interest Expense	49	52	50	54	50	48	55	47	48
EBITDA	\$719	\$652	\$544	\$663	\$1,383	\$554	\$414	\$285	\$436
Non-GAAP adjustments									
A. Revenue	-	-	-	-	-	-	-	2	(1)
B. Cost of Revenue	2	11	14	9	7	1	12	10	8
C. Product Development	3	0	0	4	6	4	2	6	3
C. Marketing and administrative	3	17	(25)	4	7	7	12	4	10
D. Restructuring and other, net	16	2	4	6	3	14	9	59	17
E. Gain on arbitration award, net	-	-	-	-	(620)	-	-	-	-
F. Other income (expense), net	(31)	2	76	15	(104)	1	17	10	-
Adjusted EBITDA	\$712	\$684	\$613	\$701	\$682	\$581	\$466	\$376	\$473
Stock Compensation Expense (\$M)	30	30	31	42	31	33	31	33	32
Credit Agreement Defined EBITDA¹	\$742	\$714	\$644	\$743	\$713	\$614	\$497	\$409	\$505

A. Revenue has been adjusted on a non-GAAP basis for changes in the sales return provision for certain products that will be discontinued.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, and write off of certain fixed assets and discontinued inventory.

C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions.

D. Restructuring and other, net, primarily related to a reduction in our work force as a result of our ongoing focus on cost efficiencies in all areas of our business, has been excluded on a non-GAAP basis.

E. Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

F. Other income (expense), net, was adjusted in Q2'15 to exclude a partial payment of \$143 million for interest accrued on the final arbitration award amount in the Company's case against Western Digital.

Free Cash Flow per Diluted Share Reconciliation

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Cash Flow From Operations (\$M)	856	443	577	602	1,443	374	228	824	382
Capital Expenditures ¹ (\$M)	143	124	131	172	215	159	201	209	137
Free Cash Flow ² (\$M)	713	319	446	430	1,228	215	27	615	245
Diluted Shares O/S for EPS (M)	346	338	337	337	336	330	323	308	301
Free Cash Flow per Diluted Share (\$)	2.06	0.94	1.32	1.28	3.65	0.65	0.08	2.00	0.81

1. Cash paid for the acquisition of property, equipment, and leasehold improvements.

2. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures.



[HTTP://WWW.SEAGATE.COM/INVESTORS/](http://www.seagate.com/investors/)

January 29, 2016

