



FISCAL Q2 2007
SUPPLEMENTAL FINANCIAL INFORMATION



Unit Shipments by Market

Fiscal Q2 2007 (December Quarter)

Units Millions

	Seagate Product	Legacy Maxtor Product	Fiscal Q2'07
Consumer Electronics	6.2	0.9	7.1
Mobile Computing	4.4	-	4.4
Enterprise Products	3.6	0.5	4.1
Desktop Products	24.5	1.2	25.7
Total	38.8	2.6	41.4

Numbers may not add properly due to rounding

Legacy Maxtor Products includes only end of life Maxtor designed disc drives

Reconciliation of Non-GAAP Net Income & EPS

Fiscal Q2 2007 (December Quarter)

	<u>Net Income (\$M)</u>	<u>Diluted EPS</u>
GAAP Reported	\$140	\$0.23
Non-GAAP Adjustments:		
Add: Acquisition Related Charges	\$76	
Add: Debt Redemption Premium	\$19	
Add: Restructuring Reserve Adjustment	<u>\$1</u>	
Non-GAAP Reported	\$236	\$0.39

All adjustments net of associated tax effects

Maxtor Acquisition Related Costs

Fiscal Q2'2007 (December Quarter)

\$ Millions

	<u>Fiscal Q2'07</u>
Intangible Asset Amortization	\$40
Unearned Stock Compensation	\$7
Integration/Retention/Other	\$29
Total ^[1]	\$76
Cost of Goods Sold	\$49
Operating Expenses	\$17
Amortization of Intangibles	\$12
Other Income/Expense	\$1
Tax Provision	(\$3)
Total	\$76

[1] Net of associated tax effects

Reconciliation of Non-GAAP Gross Margin Fiscal Q2 2007 (December Quarter)

	<u>Gross Margin (\$M)</u>	<u>Gross Margin %</u>
GAAP Reported Gross Margin	\$546	18.2%
Adjustments:		
- Acquisition Related Charges	\$49	1.6%
Non-GAAP Reported Gross Margin	\$595	19.9%
		~(13.7%)
Maxtor Legacy Product		~22.3%
Seagate Product		

Legacy Maxtor Products includes only end of life Maxtor designed disc drives

Reconciliation of Non-GAAP Operating Expenses Fiscal Q2 2007 (December Quarter)

\$ Millions

	<u>Fiscal Q2'07</u>	<u>Fiscal Q1'07</u> ^[2]
GAAP Operating Expenses ^[1]	\$379	\$434
Adjustments:		
- Other Acquisition Related Charges	(\$17)	(\$35)
- Amortization of Intangibles	(\$12)	(\$11)
Non-GAAP Operating Expenses	\$350	\$388

[1] Excludes restructuring charges

[2] Includes \$40m charge for bad debts associated with termination of distributor (details in the 8K filed November 7, 2006)

Inventory as of December 29, 2006

\$ Millions

	Seagate Product	Maxtor Legacy Product	Fiscal Q2'07
Raw Material/WIP	\$273	\$10	\$283
Finished Goods	\$463	\$25	\$488
Total Inventory	\$736	\$35	\$771

Legacy Maxtor Products includes only end of life Maxtor designed disc drives

We believe these non-GAAP measures are useful to investors because they provide an alternative method for measuring the operating performance of the Company's business, excluding the impact of the factors identified above. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.