

Fiscal Q4 2014

Supplemental Financial Information
July 17, 2014



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 October 3, 2014 and beyond. These statements identify prospective information and include words such as “expects,” “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, as consumers and businesses may defer purchases in response to tighter credit and financial news; the impact of the variable demand and adverse pricing environment for disk drives, particularly in view of current business and economic conditions; dependence on 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; possible excess industry supply with respect to particular disk drive products; and the Company’s ability to achieve projected cost savings in connection with restructuring plans. 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 Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission on April 30, 2014, 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 net income, diluted net income per share, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses and operating income 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 they are consistent with the financial models and estimates published by financial analysts who follow the Company. The Company also presents free cash flow, which is a non-GAAP measure calculated as the sum of net cash provided by operating activities, less acquisition of property, equipment and leasehold improvements. Free cash flow does not reflect all of the Company's expenses and non-cash items and does not reflect the Company's uses of cash in financing and investment activities.

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 for Fiscal Q4'14

- Storage shipments grew 8% year-over-year to 49.6 exabytes.
- Achieved revenue of \$3.3 billion.
- Non-GAAP gross margin of 28.5%.
- Non-GAAP diluted EPS of \$1.10.
- Generated \$577 million in operating cash flow and \$446 million in free cash flow.
- Returned a total of \$166 million to shareholders through dividends and share redemptions.
- Paid quarterly cash dividend of \$0.43 per share.
- Completed acquisition of Xyratex on March 31.

Q4 Product and Technology Development

- Announced a new portfolio of Network Attached Storage (NAS) solutions, including five NAS products in a range of capacities from 2TB to 30TB with performance perfectly suited for the home office and small business.
- Expanded the open source program associated with its Seagate® Kinetic Open Storage™ platform to include API (application programming interface) and libraries. By expanding the platform's open source initiatives, the company is taking the next big step in fully-enabling software and hardware partners to leverage the new key/value programming interface and integrate it into cloud software stacks, additional devices and new systems.
- Introduced Seagate® Wireless Plus mobile device storage, a family of wireless solutions with capacities at 500GB, 1TB and 2TB.
- Began shipping a 12Gb/s SAS 6TB Nearline Enterprise drive, the world's fastest Nearline Enterprise Hard Drive.

Quarterly Financial Trends and Metrics

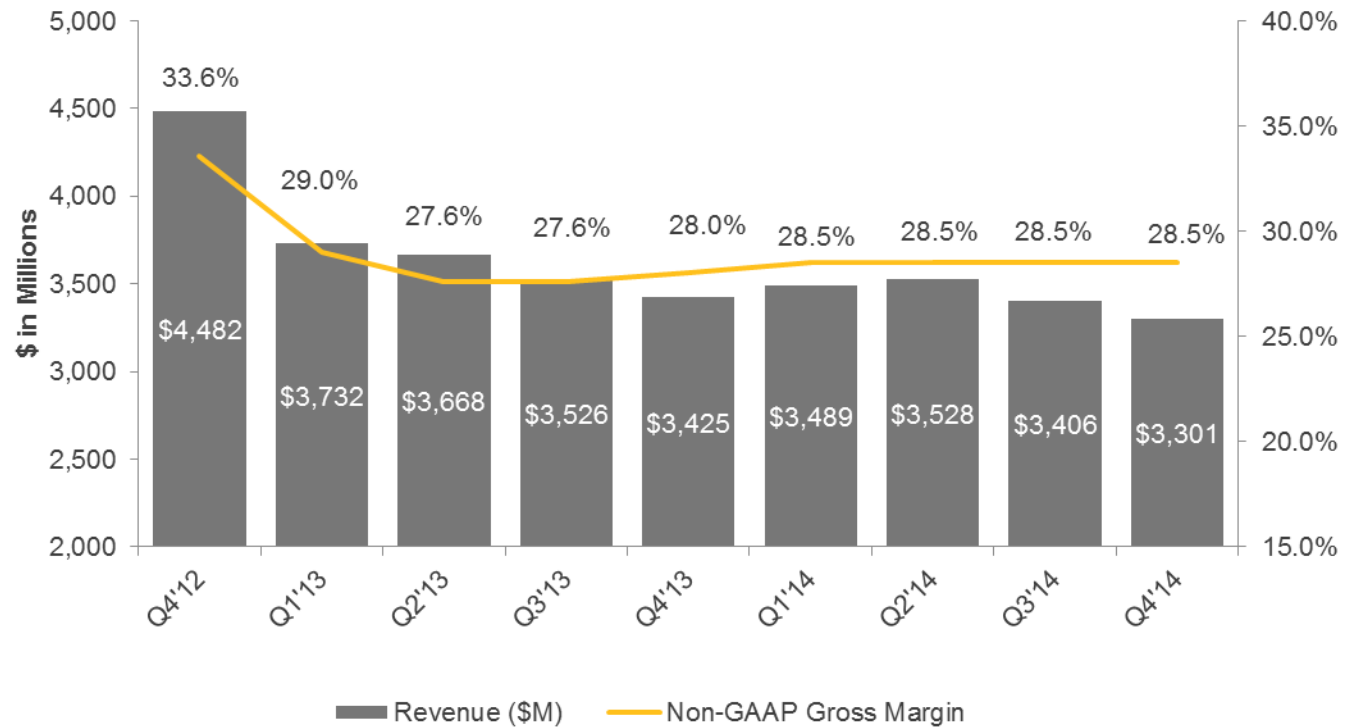
	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
ASP	\$67	\$63	\$62	\$63	\$63	\$62	\$62	\$61	\$60
Revenue (\$M)	4,482	3,732	3,668	3,526	3,425	3,489	3,528	3,406	3,301
Gross Margin %	33.1%	28.4%	27.0%	26.9%	27.4%	28.0%	28.0%	28.2%	28.0%
Operating Expenses (\$M)	427	437	437	483	491	497	543	515	515
Operating Income (\$M)	1057	624	555	465	448	478	444	444	410
Net Income (\$M)	1013	582	492	416	348	427	428	395	320
Basic EPS	\$2.46	\$1.48	\$1.33	\$1.16	\$0.97	\$1.20	\$1.27	\$1.21	\$0.98
Diluted EPS	\$2.37	\$1.42	\$1.30	\$1.13	\$0.94	\$1.16	\$1.24	\$1.17	\$0.95
Non-GAAP Results¹									
Gross Margin %	33.6%	29.0%	27.6%	27.6%	28.0%	28.5%	28.5%	28.5%	28.5%
Operating Expenses (\$M)	404	410	430	446	464	469	496	470	509
Operating Income (\$M)	1,100	671	581	526	494	526	508	500	430
Net Income (\$M)	1,028	594	523	464	447	473	455	453	370
Basic EPS	\$2.50	\$1.51	\$1.42	\$1.30	\$1.25	\$1.32	\$1.35	\$1.39	\$1.13
Diluted EPS	\$2.41	\$1.45	\$1.38	\$1.26	\$1.20	\$1.29	\$1.32	\$1.34	\$1.10
End of Qtr Actual Share Count (M)	396	386	358	358	359	359	328	326	327
Basic Share O/S for EPS (M)	411	394	369	358	359	357	336	327	326
Diluted Shares O/S for EPS (M)	427	409	379	369	371	368	346	338	337
Dividend Per Share Paid ²	\$0.25	\$0.32	\$0.32	\$0.38	\$0.38	\$0.38	\$0.43	\$0.43	\$0.43
Shares Repurchased (M)	45	20	30	3	1	4	33	4	0.5
Fiscal YTD Shares Repurchased (M)	101	20	50	53	54	4	37	41	41
HDD TAM ³ (M)	157	139	136	136	133	140	142	138	133-136
Share ³	42%	42%	43%	41%	40%	40%	40%	40%	~39%
Exabytes Shipped (HDD Only)	45.5	42.5	47.9	47.2	45.9	48.9	52.2	50.8	49.6
Average Capacity per Drive	690	731	823	848	852	878	922	920	945

1. See slide 15 in this packet for GAAP reconciliation.

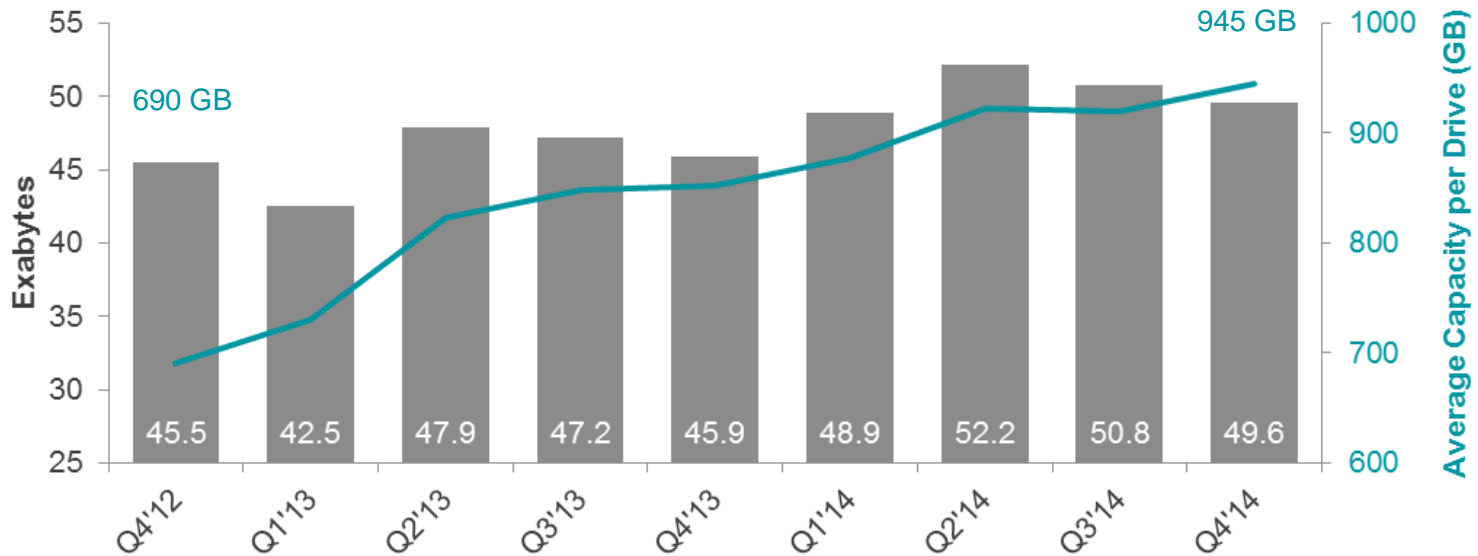
2. Q3'13 dividend payment pulled forward to December 2012.

3. Preliminary based on industry estimates.

Revenue and Gross Margin



Exabytes Shipped and Average Capacity per Drive



Footnote:

- Q4'14 storage shipments grew 8% year-over-year to 49.6 exabytes.

Channel and Product Mix Trends

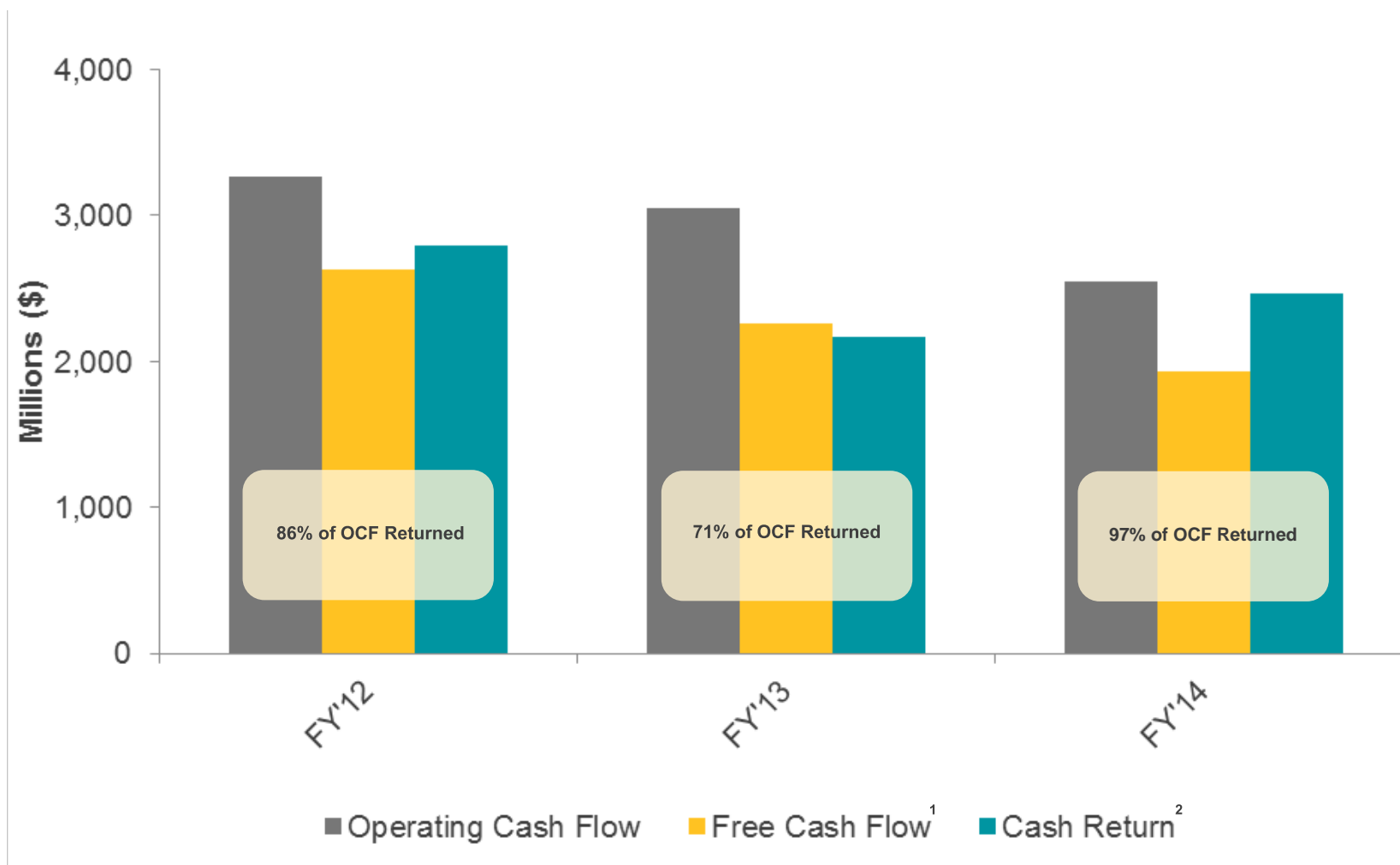
	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Revenue by Channel									
OEM	74%	66%	67%	67%	71%	68%	66%	66%	69%
Distributors	19%	24%	21%	20%	18%	21%	21%	20%	19%
Retail	7%	10%	12%	13%	11%	11%	13%	14%	12%
Enterprise Units (Millions)									
Enterprise	8.5	6.3	7.3	7.5	8.2	8.1	7.8	7.7	7.4
Compute Units (Millions)									
Desktop	23.9	20.4	21.9	19.6	18.6	19.1	19.2	19.8	18.4
Notebook	22.4	20.3	17.3	17.0	16.1	17.2	16.9	16.4	16.8
Non Compute Units (Millions)									
Consumer Electronics	7.4	5.8	5.6	5.8	6.1	6.2	6.7	5.4	5.1
Branded	3.8	5.2	6.0	5.7	4.8	5.1	6.2	5.9	4.8
Total Units	65.9	58.0	58.2	55.7	53.9	55.7	56.6	55.2	52.5

Cash Flow and Operational Trends

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Cash ¹ (\$M)	2,211	2,470	1,970	2,010	2,289	2,521	2,343	2,310	2,658
Debt (\$M)	2,863	2,870	2,818	2,478	2,777	2,773	3,572	3,514	3,920
Cash Flow From Operations (\$M)	1,445	1,132	844	683	388	682	856	443	577
Capital Expenditures (\$M) ²	139	263	164	231	128	161	143	124	131
Free Cash Flow (\$M) ³	1,306	869	680	452	260	521	713	319	446
Cash Flow From Operations (\$M)	1,445	1,132	844	683	388	682	856	443	577
Shares Repurchased (\$M)	1,254	639	871	102	42	182	1,520	184	26
Dividends (\$M)	106	127	250	4	137	135	142	140	140
YTD Percent Return of OCF ⁴	86%	68%	95%	75%	71%	46%	129%	116%	97%
Days Sales Outstanding	47	41	41	40	44	42	42	44	48
Days Inventory Outstanding	28	29	27	29	31	32	34	31	38
Days Payables Outstanding	69	62	57	60	62	61	56	50	60
Cash Conversion Cycle	5	8	11	10	14	13	19	25	26
Inventory Turns	13	13	13	12	12	12	11	12	10
Worldwide Headcount	58,285	56,113	54,973	53,268	53,806	53,002	52,650	51,099	52,594

1. 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.

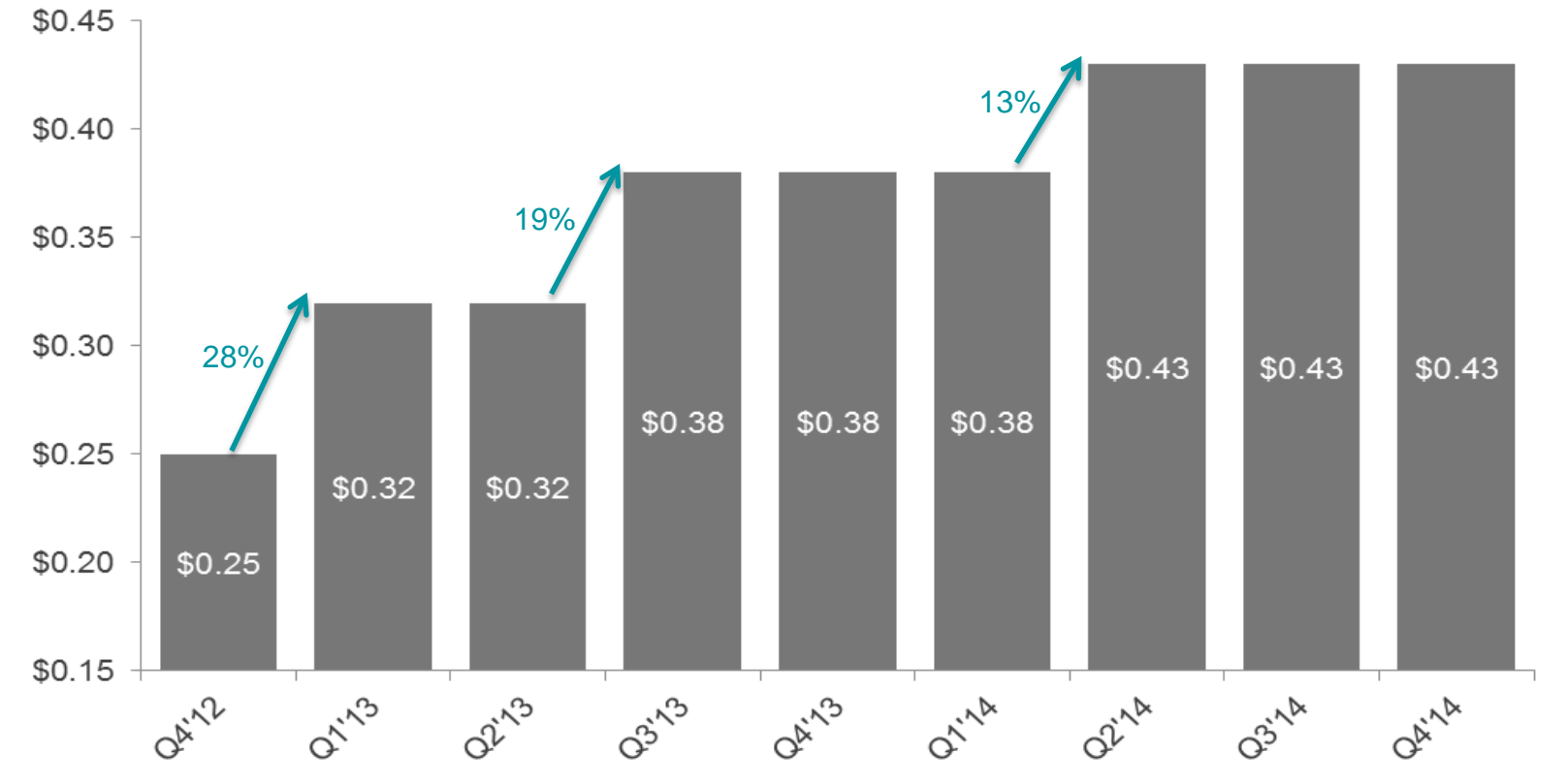
Cash Flow and Return to Shareholders



1. See slide 10 for Non-GAAP reconciliation of cash flow from operations to free cash flow.

2. Cash return includes share repurchases and dividends.

Dividend per Share Paid History



Footnote:

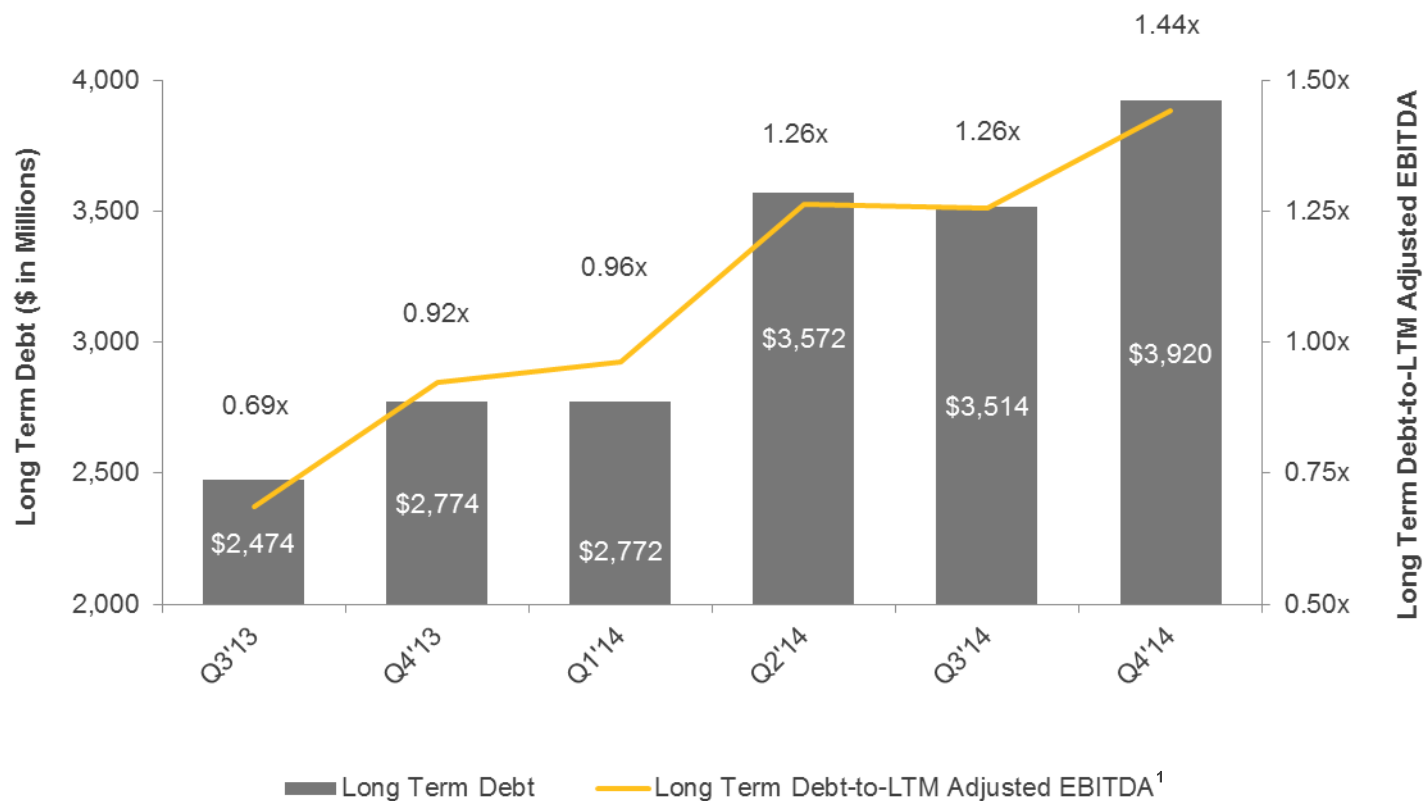
- Q3'13 dividend payment pulled forward to December 2012.

Long Term Debt Profile

Facility	Rate	Due	Carrying Value \$M
Senior Notes	6.80%	16-Oct	\$335
Senior Notes	3.75%	18-Nov	\$800
Senior Notes	6.88%	20-May	\$534
Senior Notes	7.00%	21-Nov	\$251
Senior Notes	4.75%	23-Jun	\$1,000
Senior Notes	4.75%	25-Jan	\$1,000
Total	5.15% ¹		\$3,920

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

Long Term Debt Profile



1. See slide 16 for reconciliation of net income to adjusted EBITDA.

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
GAAP net income	\$1,013	\$582	\$492	\$416	\$348	\$427	\$428	\$395	\$320
Non-GAAP adjustments:									
A. Cost of revenue	20	20	19	24	19	20	17	11	14
B. Product development	4	4	3	11	2	3	3	0	0
B. Marketing and administrative	1	4	(17)	5	4	3	3	17	(25)
C. Amortization of intangibles	18	19	20	20	20	20	25	26	27
D. Restructuring and other, net	0	0	1	1	1	2	16	2	4
E. Other expense, net	0	(35)	5	(13)	106	(2)	(31)	2	76
F. Benefit from income taxes	(28)	0	0	0	(53)	0	(6)	0	(46)
Non-GAAP net income	\$1,028	\$594	\$523	\$464	\$447	\$473	\$455	\$453	\$370
Diluted net income per share:									
GAAP	\$2.37	\$1.42	\$1.30	\$1.13	\$0.94	\$1.16	\$1.24	\$1.17	\$0.95
Non-GAAP	\$2.41	\$1.45	\$1.38	\$1.26	\$1.20	\$1.29	\$1.32	\$1.34	\$1.10
Shares used in diluted net income share calculation	427	409	379	369	371	368	346	338	337

- A. These non-GAAP adjustments include amortization of intangibles and other acquisition related expenses associated with the December 2011 acquisition of Samsung Electronics Co., Ltd.'s hard disk drive business (the "Samsung HDD business") and the August 2012 acquisition of LaCie S.A.. ("LaCie") and the March 31, 2014 acquisition of Xyratex Ltd. ("Xyratex").
- B. Product development and Marketing and administrative expense have been adjusted on a non-GAAP basis to exclude the impact of acquisition and integration costs associated with the Samsung HDD business, LaCie and Xyratex. For the quarter ended June 27, 2014, the non-GAAP Marketing and administrative expense has been adjusted to exclude the impact of a legal cost reimbursement.
- C. Amortization of intangibles is primarily related to our Samsung HDD business and LaCie acquisitions have been excluded on a non-GAAP basis.
- D. Restructuring and other, net, primarily related to our existing restructuring plans have been excluded on a non-GAAP basis.
- E. Other expense, net, has been adjusted on a non-GAAP basis primarily to exclude the net impact of losses recognized on the early redemption and repurchase of debt, partially offset by gains recognized upon sales of certain strategic investments. For the fiscal year ended June 28, 2013, Other expense, net, has also been adjusted on a non-GAAP basis primarily to exclude a gain recognized from an insurance reimbursement related to the severe flooding in Thailand during October 2011.
- F. 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. For the quarter ended June 27, 2014, Benefit from income taxes has been adjusted to exclude certain changes in deferred tax assets including a valuation allowance release associated with the Xyratex acquisition.

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 Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by 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 and Restructuring and other, net excluding non-GAAP adjustments B through D noted in the table above. Non-GAAP operating income is defined as Income from operations excluding non-GAAP adjustments A through D noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Revenue.

GAAP to Adjusted EBITDA Reconciliations

(\$ Millions)	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Income Before Income Taxes	\$1,013	\$600	\$499	\$430	\$302	\$440	\$442	\$390	\$284
EBITDA adjustments:									
Depreciation	182	176	181	184	185	191	189	185	183
Amortization	35	36	37	37	37	37	40	26	28
Interest Income	(2)	(2)	(2)	(2)	(2)	(5)	(1)	(1)	(1)
Interest Expense	55	55	55	53	50	44	49	52	50
EBITDA	\$1,283	\$865	\$770	\$702	\$572	\$707	\$719	\$652	\$544
Non-GAAP Adjustments									
A. Costs of Revenue	\$3	\$0	\$2	\$7	\$2	\$2	\$2	\$11	\$14
A. Product Development	\$4	\$4	\$3	\$11	\$2	\$3	\$3	\$0	\$0
B. Marketing and administrative	\$1	\$4	(\$17)	\$5	\$4	\$3	\$3	\$17	(\$25)
C. Restructuring and other, net	\$0	\$0	\$1	\$1	\$1	\$2	\$16	\$2	\$4
D. Other expense, net	\$0	(\$35)	\$5	(\$13)	\$106	(\$2)	(\$31)	\$2	\$76
Adjusted EBITDA	\$1,291	\$838	\$764	\$713	\$687	\$715	\$712	\$684	\$613

- A. These non-GAAP adjustments include acquisition and integration costs associated with the acquisition of the Samsung HDD business and LaCie and the accrual of the 2012 and 2013 Voluntary Early Retirement Program.
- B. These non-GAAP adjustments include acquisition and integration costs associated with the acquisition of the Samsung HDD business, LaCie, and Xyratex and the accrual of the 2012 and 2013 Voluntary Early Retirement Program. For the quarters ended December 28, 2012 and June 27, 2014, the non-GAAP adjustments also included the impact of legal cost reimbursements.
- C. Restructuring charges and other, net, primarily related to restructuring charge recorded during the December 2013 quarter associated with a reduction in force.
- D. Other expense, net includes the net impact of losses recognized on the early redemption and repurchase of debt, partially offset by gains recognized upon sales of certain strategic investments. For the fiscal year ended June 28, 2013, Other expense, net also includes a gain recognized from an insurance reimbursement related to the severe flooding in Thailand during October 2011.