

Fiscal Q3 2013

Supplemental Financial Information
Financial Highlights – 8 Quarter Trend



Cautionary Note Regarding Forward-Looking Statements

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 June 28, 2013 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 those projected in the forward-looking statements is contained in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 8, 2012, and in the Company's quarterly report on Form 10-Q filed with the SEC on January 29, 2013, which statements are incorporated into this document by reference. 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 and gross margin as a percentage of revenue, 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.

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.

Summary of non-GAAP Adjustments

Fiscal Q3 2013 (\$ millions, except per share amounts)

	For the Three Months Ended March 29, 2013	For the Nine Months Ended March 29, 2013
GAAP net income	\$ 416	\$ 1,490
Non-GAAP adjustments:		
Cost of revenue	A 24	63
Product development	B 11	18
Marketing and administrative	C 5	(8)
Amortization of intangibles	D 20	59
Restructuring and other, net	D 1	2
Other expense, net	E (13)	(43)
Non-GAAP net income	\$ 464	\$ 1,581
Diluted net income per share:		
GAAP	\$ 1.13	\$ 3.86
Non-GAAP	\$ 1.26	\$ 4.09
Shares used in diluted net income per share calculation	369	386

See slide 5 for explanations of adjustments A-E

Summary of non-GAAP Adjustments

Fiscal Q3 2013 (\$ millions, except per share amounts)

A For the three months ended March 29, 2013, Cost of revenue on a GAAP basis totaled \$2,578 million, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2,554 million. For the nine months ended March 29, 2013, Cost of revenue on a GAAP basis totaled \$7,926 million, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$7,863 million. The non-GAAP adjustments include amortization of intangibles, 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") as well as the impact of the 2013 voluntary early retirement program ("2013 VERP") offered by the Company to certain of its employees in the U.S. in January 2013.

B For the three and nine months ended March 29, 2013, Product development expense has been adjusted on a non-GAAP basis to exclude the net impact of acquisition and integration costs associated with the Samsung HDD business and costs associated with the 2013 VERP.

C For the three months ended March 29, 2013, Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude acquisition and integration costs associated with LaCie and costs associated with the 2013 VERP. For the nine months ended March 29, 2013, Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the net impact of legal cost reimbursements, which were partially offset by acquisition and integration costs associated with the Samsung HDD business and LaCie and costs associated with the 2013 VERP.

D For the three and nine months ended March 29, 2013, Amortization of intangibles related to our Samsung HDD business and LaCie acquisitions and Restructuring and other, net, primarily related to prior year restructuring plans, have been excluded on a non-GAAP basis.

E For the three and nine months ended March 29, 2013, Other expense has been adjusted on a non-GAAP basis primarily to exclude the net impact of a gain recognized upon sales of investments, and a gain recognized from an insurance reimbursement related to the severe flooding in Thailand, partially offset by a loss recognized on the early redemption and repurchase of debt.

Gross Margin as a Percent of Revenue

Fiscal Q3 2013 (March Quarter)

\$ Millions	FQ3'13	%
GAAP Reported	\$948	26.9%
Non-GAAP Adjustments		
Amortization of acquisition related other intangibles	\$17	
Acquisition & integration related expenses	\$4	
Voluntary employee retirement	\$3	
Non-GAAP Reported	\$972	27.6%

Product Development and Marketing & Administrative

Fiscal Q3 2013 (March Quarter)

\$ Millions	Product Development	Marketing & Admin	Total
GAAP Reported	\$294	\$168	\$462
Non-GAAP Adjustments			
Acquisition & integration related expenses			(\$3)
Voluntary employee retirement			(\$13)
Non-GAAP Reported			\$446

Cash from Operations and Free Cash Flow

Fiscal Q3 2013 (March Quarter)

\$ Millions	FQ3'13	YTD
Net Cash Provided by Operating Activities	\$678	\$2,659
Less: Acquisition of Property, Equipment and Leasehold Improvements	(\$221)	(\$658)
Free Cash Flow	\$457	\$2,001

Source: Consolidated Statements of Cash Flows (unaudited) for the period ended March 29, 2013

Long-term Debt Maturity Profile (as of March 29, 2013)

Facility	Rate	Due	Carrying Value \$M
Senior Secured Notes	10.0%	May-14	\$0
Senior Notes	6.8%	Oct-16	\$600
Senior Notes	7.75%	Dec-18	\$672
Senior Notes	6.875%	May-20	\$600
Senior Notes	7.0%	Nov-21	\$600

- As part of Seagate's acquisition of LaCie S.A., during the nine months ended March 29, 2012, long term debt of \$6M was acquired due in 2014 and 2015.
- In March 2013, the Company elected to redeem all of the remaining outstanding 2014 Notes of \$315 million on May 1, 2013.
- In Q3FY13, the Company repurchased \$25 million of the 7.75% senior notes due December 2018. During the first nine months of fiscal 2013, the Company repurchased \$78 million aggregate principal amount of its 2018 notes.

Financial Highlights – 8 Quarter Trend (\$ Millions)

	Q4FY11	Q1FY12	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13	Q3FY13
Customer Mix (\$)								
OEM	72%	67%	72%	73%	74%	66%	67%	67%
Distribution	20%	23%	20%	21%	19%	24%	21%	20%
Retail	8%	10%	8%	6%	7%	10%	12%	13%
Geographic Mix (\$)								
North America	27%	28%	26%	26%	26%	25%	26%	28%
Europe	18%	21%	19%	19%	18%	17%	21%	20%
Asia Pacific	55%	51%	55%	55%	56%	58%	53%	52%
Inventory Composition								
Raw Materials	\$286	\$268	\$408	\$366	\$265	\$216	\$219	\$213
WIP	\$201	\$167	\$162	\$273	\$245	\$198	\$197	\$228
Finished Goods	\$385	\$390	\$257	\$202	\$398	\$431	\$384	\$392
Units Shipped by Market (Millions)								
Enterprise Storage	7.8	6.9	6.4	7.4	8.5	6.3	7.3	7.5
Client Compute	35.5	33.3	32.7	43.8	46.3	40.7	39.2	36.6
Client Non-Compute	9.0	10.5	7.8	9.5	11.2	11.0	11.7	11.6
Cash Flow Related Items								
Capital Additions	\$158	\$218	\$143	\$136	\$139	\$263	\$164	\$221
Depreciation & Amortization	\$187	\$182	\$191	\$224	\$217	\$212	\$218	\$222
Inventory Turns	10.6	11.0	10.6	13.4	13.2	12.6	13.4	12.4
Days Sales Outstanding	48	47	46	51	47	41	41	40
World Wide Employees	52,726	52,864	53,010	57,145	57,879	55,676	54,462	52,687
Exabyte Shipped	31.0	32.2	30.6	41.2	45.6	43.3	47.9	47.1
Average GB/drive	594	634	653	679	692	738	820	842