



Fiscal Q1 2009

Supplemental Financial Information

Financial Highlights – 8 Quarter Trend



Summary of Certain Cash & Non-Cash Items

Fiscal Q1 2009 Financial Results

\$ Millions

| | | |
|-----------------------------|------|--|
| Acquisition Related Costs | \$20 | Amortization of Purchased Intangibles and Stock Based Compensation Expense (Maxtor) See pg 3 |
| Restructuring Related Costs | \$51 | Restructuring charges such as severance and other exit costs \$23m, accelerated depreciation (booked in cost of revenue) \$28m See pg 4 |
| Total Expense/(Gain) | \$71 | Approximately \$0.14 per share |

Acquisition Related Costs

Fiscal Q1'2009 (September Quarter)

\$ Millions

| | |
|---------------------------------------|-------------|
| Amortization of Purchased Intangibles | \$17 |
| Stock Based Compensation Expense | \$3 |
| Total | \$20 |

\$ Millions – P&L Classification

| | |
|-----------------------------|-------------|
| Cost of Revenue | \$4 |
| Product Development | \$2 |
| Amortization of Intangibles | \$14 |
| Total | \$20 |

Restructuring Related Costs

Fiscal Q1 2009 (September Quarter)

\$ Millions

| | | |
|-----------------|-------------|--|
| Restructuring | \$23 | Primarily related to substrates (Limavady, \$4m), finished media (Milpitas, \$2m), research (Pittsburgh, \$3m) and adjustments to Maxtor Restructuring (\$10m) |
| Cost of Revenue | \$28 | Accelerated depreciation related to finished media operations in Milpitas, CA |
| Total | \$51 | |

These costs were not included in the guidance provided on July 15, 2008

Gross Margin, Percent of Revenue Fiscal Q1 2009 (September Quarter)

| | Gross Margin (\$M) | Gross Margin % |
|--|---------------------------|-----------------------|
| GAAP Reported | \$525 | 17.3% |
| Non-Cash Items: | | |
| - Amortization of Intangibles ^[1] | \$3 | |
| - Stock Based Compensation ^[1] | \$1 | |
| - Accelerated Depreciation (Restructuring Related) ^[2] | <u>\$28</u> | |
| Total Non-Cash Items | \$32 | |

These non-cash items are included in the reported results and decreased gross margin by approximately 100 basis points

[1] See page 3

[2] See page 4

Product Development & Marketing/Administrative Fiscal Q1 2009 (September Quarter)

| \$ Millions | <i>Product Development</i> | <i>Marketing & Administrative</i> | <i>Total</i> |
|---|--------------------------------|---|--------------|
| GAAP Reported | \$260 | \$148 | \$408 |
| Certain Non-Cash Items: | | | |
| - Stock Based Compensation ^[1] | \$2 | - - | \$2 |

[1] Reflects only that portion which is related to the acquisition of Maxtor, see page 3

Cash from Operations and Free Cash Flow Fiscal Q1 2009 (September Quarter)

| \$ Millions | <i>FQ1'09</i> |
|---|---------------|
| Net Cash Provided by Operating Activities | \$304 |
| Less: Acquisition of Property, Equipment and Leasehold Improvements | (\$280) |
| Free Cash Flow | \$24 |

Source: Condensed Consolidated Statements of Cash Flows (unaudited) for the period ended October 3, 2008

The Company disclosed on a conference call with investors on October 22, 2008, after making certain non-GAAP adjustments, non-GAAP free cash flow. A reconciliation of the adjustments to GAAP is included in the table above. This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for net cash provided by operating activities prepared in accordance with GAAP. You should not compare our non-GAAP free cash flow with those of other companies, as the adjustments made to our GAAP results are unique to Seagate.

Financial Highlights – 8 Quarter Trend

| | <u>Q2 FY07</u> | <u>Q3 FY07</u> | <u>Q4 FY07</u> | <u>Q1 FY08</u> | <u>Q2 FY08</u> | <u>Q3 FY08</u> | <u>Q4 FY08</u> | <u>Q1 FY09</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Revenue | \$2,996 | \$2,828 | \$2,744 | \$3,285 | \$3,420 | \$3,104 | \$2,899 | \$3,033 |
| \$ Aggregate Customer Mix | | | | | | | | |
| OEM | 63% | 63% | 65% | 66% | 67% | 65% | 68% | 66% |
| Distribution | 31% | 30% | 28% | 28% | 26% | 28% | 25% | 27% |
| Retail | 6% | 7% | 7% | 6% | 7% | 7% | 7% | 7% |
| \$ Geographic | | | | | | | | |
| North America | 29% | 28% | 31% | 29% | 29% | 31% | 30% | 27% |
| Europe | 30% | 29% | 25% | 27% | 28% | 28% | 27% | 29% |
| Asia Pacific | 41% | 43% | 44% | 44% | 43% | 41% | 43% | 44% |
| Inventory Breakdown | | | | | | | | |
| Raw Materials | \$193 | \$258 | \$277 | \$311 | \$293 | \$346 | \$352 | \$380 |
| WIP | \$90 | \$87 | \$85 | \$109 | \$119 | \$114 | \$111 | \$139 |
| Finished Goods | <u>\$488</u> | <u>\$487</u> | <u>\$432</u> | <u>\$342</u> | <u>\$418</u> | <u>\$613</u> | <u>\$482</u> | <u>\$390</u> |
| | \$771 | \$832 | \$794 | \$763 | \$830 | \$1,073 | \$945 | \$909 |
| Drive Units by Market Category (000's) | | | | | | | | |
| Enterprise Storage | 4,140 | 4,150 | 4,290 | 4,550 | 5,250 | 5,290 | 5,200 | 5,210 |
| Desktop Storage | 25,730 | 23,910 | 23,830 | 29,030 | 29,850 | 26,710 | 25,380 | 28,160 |
| Mobile | 4,410 | 4,710 | 6,120 | 7,860 | 6,430 | 5,540 | 6,880 | 9,810 |
| Consumer Electronics | <u>7,090</u> | <u>6,720</u> | <u>5,010</u> | <u>5,740</u> | <u>8,080</u> | <u>5,100</u> | <u>5,650</u> | <u>4,820</u> |
| | 41,370 | 39,490 | 39,250 | 47,180 | 49,610 | 42,640 | 43,110 | 48,000 |
| Cash Flow Related Items | | | | | | | | |
| Capital Additions | \$239 | \$222 | \$218 | \$150 | \$212 | \$275 | \$293 | \$280 |
| Depreciation/Amortization | \$215 | \$236 | \$201 | \$205 | \$215 | \$211 | \$213 | \$253 |
| Inventory Turns | 12.7 | 10.7 | 10.8 | 13.0 | 12.2 | 8.5 | 9.3 | 11.0 |
| Days Sales Outstanding | 38 | 44 | 46 | 42 | 42 | 40 | 44 | 42 |
| World-Wide Employees | 54,195 | 54,714 | 53,980 | 54,519 | 55,248 | 55,448 | 54,036 | 53,784 |

Fiscal Q2'09 Guidance

Summary of Acquisition & Restructuring Related Items

FQ2'09 Earnings per Share guidance of \$0.12 - \$0.16 includes the following items which decreases earnings per share by approximately \$0.07

\$ Millions

| | | |
|-----------------------------|-------------|---|
| Acquisition Related Costs | \$20 | Amortization of purchased intangibles and stock based compensation expense |
| Restructuring | \$7 | Restructuring charges related primarily to substrate and finished media operations and Pittsburgh research facility |
| Restructuring – R&D | \$7 | Accelerated depreciation – Pittsburgh |
| Total Expense/(Gain) | \$34 | Approximately \$0.07 per share |