



Fiscal Q2 2010

Supplemental Financial Information

Financial Highlights – 8 Quarter Trend



Summary of Certain Cash & Non-Cash Items

Fiscal Q2 2010 Financial Results

\$ Millions

	FQ2'10	YTD	
Acquisition Related Costs	\$10	\$20	Amortization of Purchased Intangibles See pg 3
Restructuring Related Costs	--	\$46	Restructuring charges such as severance (AMK \$37M) and other exit costs (Pittsburgh Site Closure \$6M)
Impairment Long-lived Assets	--	\$64	Property, plant and equipment write-down
Total Expense/(Gain)	\$10	\$130	Approximately \$0.02 per share for Q2'10; \$0.25 year to date

Acquisition Related Costs

Fiscal Q2 2010 (December Quarter)

\$ Millions – P&L Classification

	FQ2'10	YTD
Cost of Revenue	\$2	\$4
Amortization of Intangibles	\$8	\$16
Total	\$10	\$20

Relates primarily to the 2006 acquisition of Maxtor

Gross Margin, Percent of Revenue Fiscal Q2 2010 (December Quarter)

	Gross Margin (\$M)	Gross Margin %
GAAP Reported	\$923	30.5%
Non-Cash Items:		
- Amortization of Intangibles ^[1]	\$2	
Total Non-Cash Items	\$2	

This non-cash item is included in the reported results and decreased gross margin by approximately 10 basis points

[1] Amortization of Intangible related to Cost of Revenue, see page 3

Cash from Operations and Free Cash Flow

Fiscal Q2 2010 (December Quarter)

\$ Millions	<i>FQ2'10</i>	<i>YTD</i>
Net Cash Provided by Operating Activities	\$753	\$1,031
Less: Acquisition of Property, Equipment and Leasehold Improvements	(\$103)	(\$192)
Free Cash Flow	\$650	\$839

Source: Condensed Consolidated Statements of Cash Flows (unaudited) for the period ended January 1, 2010

Seagate disclosed on a conference call with investors on January 20, 2010, after making certain non-GAAP adjustments, non-GAAP free cash flow. A reconciliation of the adjustments to Net Cash provided by operating activities in accordance with 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. 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.

Preliminary Results

Financial Highlights – 8 Quarter Trend

\$ Millions

	<u>Q3 FY08</u>	<u>Q4 FY08</u>	<u>Q1 FY09</u>	<u>Q2 FY09</u>	<u>Q3 FY09</u>	<u>Q4 FY09</u>	<u>Q1 FY10</u>	<u>Q2 FY10</u>
Total Revenue	\$3,104	\$2,899	\$3,033	\$2,270	\$2,150	\$2,353	\$2,663	\$3,027
\$ Aggregate Customer Mix								
OEM	65%	68%	66%	67%	61%	65%	68%	69%
Distribution	28%	25%	27%	26%	29%	25%	24%	22%
Retail	7%	7%	7%	7%	10%	10%	8%	9%
\$ Geographic								
North America	31%	30%	27%	27%	27%	30%	24%	26%
Europe	28%	27%	29%	27%	28%	22%	23%	24%
Asia Pacific	41%	43%	44%	46%	45%	48%	53%	50%
Inventory Breakdown								
Raw Materials	\$346	\$352	\$380	\$274	\$206	\$201	\$217	\$188
WIP	\$114	\$111	\$139	\$93	\$110	\$120	\$135	\$165
Finished Goods	<u>\$613</u>	<u>\$482</u>	<u>\$390</u>	<u>\$429</u>	<u>\$261</u>	<u>\$266</u>	<u>\$270</u>	<u>\$292</u>
	\$1,073	\$945	\$909	\$796	\$577	\$587	\$622	\$645
Drive Units by Market Category (000's)								
Enterprise Storage	5,290	5,200	5,210	4,280	3,400	3,630	3,980	4,630
Desktop Storage	26,710	25,380	28,160	20,950	22,210	21,900	23,270	25,050
Mobile	5,540	6,880	9,810	7,580	8,920	11,330	13,850	14,780
Consumer Electronics	<u>5,100</u>	<u>5,650</u>	<u>4,820</u>	<u>3,930</u>	<u>3,910</u>	<u>3,770</u>	<u>5,170</u>	<u>5,440</u>
	42,640	43,110	48,000	36,740	38,440	40,630	46,270	49,900
Cash Flow Related Items								
Capital Additions	\$275	\$293	\$280	\$214	\$59	\$80	\$89	\$103
Depreciation/Amortization	\$211	\$213	\$253	\$228	\$226	\$224	\$204	\$192
Inventory Turns	8.5	9.3	11.0	9.8	13.8	13.3	12.9	13.0
Days Sales Outstanding	40	44	42	42	37	40	42	40
World-Wide Employees	55,448	54,036	53,784	51,925	44,774	47,343	49,017	51,279