Fiscal Q3 2009

Supplemental Financial Information

Financial Highlights – 8 Quarter Trend

Seagate

Summary of Certain Cash & Non-Cash Items Fiscal Q3 2009 Financial Results

$ Millions

	FQ3'09	YTD	
Acquisition Related Costs	$18	$56	Amortization of Purchased Intangibles and Stock Based Compensation Expense (Maxtor) See pg 3
Restructuring Related Costs	$36	$181	Restructuring charges such as severance and other exit costs $25, accelerated depreciation (booked in research and development) $11 for Q309 See pg 4
Deferred Tax Asset Valuation	$0	$271	Adjustment to the valuation allowance of deferred tax assets
Impairment of Goodwill and other long-lived assets	$0	$2,290	Goodwill impairment $2.3B, $2.2B of which is related to the acquisition of MXO; Acquired intangibles and property, plant and equipment impairment of $3M
Total Expense/(Gain)	$54	$2,798	Approximately $.11 per share for Q3'09

Acquisition Related Costs
Fiscal Q3'2009 (March Quarter)

$ Millions

	FQ3'09	YTD
Amortization of Purchased Intangibles	$16	$49
Stock Based Compensation Expense	$2	$7
Total	**$18**	**$56**

$ Millions – P&L Classification

	FQ3'09	YTD
Cost of Revenue	$3	$8
Product Development	$2	$7
Amortization of Intangibles	$13	$41
Total	**$18**	**$56**

Restructuring Related Costs
Fiscal Q3 2009 (March Quarter)
$ Millions

	FQ3'09	YTD	
Restructuring	$25	$126	Workforce reduction
Cost of Revenue	$0	$30	Accelerated Depreciation related to finished media operations
Research and Development	$11	$25	Accelerated Depreciation related to Pittsburgh research facility
Total	**$36**	**$181**	

These costs were not included in the guidance provided on January 21st, 2009

Gross Margin, Percent of Revenue
Fiscal Q3 2009 (March Quarter)

	Gross Margin *($M)*	***Gross Margin %***
GAAP Reported	$157	7.3%
Non-Cash Items:		
- Amortization of Intangibles [1]	$3	
Total Non-Cash Items	$3	

These non-cash items are 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

Product Development & Marketing/Administrative Fiscal Q3 2009 (March Quarter)

$ Millions	***Product Development***	***Marketing & Administrative***	***Total***
GAAP Reported	$243	$134	$377
Certain Non-Cash Items:			
- Stock Based Compensation [1]	$2	- -	$2
- Accelerated Depreciation [2]	$11	- -	$11

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

[2] Reflects Accelerated Depreciation related to Research and Development, see page 4

Cash from Operations and Free Cash Flow Fiscal Q3 2009 (March Quarter)

$ Millions	FQ3'09	YTD
Net Cash Provided by Operating Activities	$239	$631
Less: Acquisition of Property, Equipment and Leasehold Improvements	($59)	($553)
Free Cash Flow [1]	$180	$78

Source: Condensed Consolidated Statements of Cash Flows (unaudited) for the period ended April 3, 2009

Seagate disclosed on a conference call with investors on April 3, 2009, 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	Q4 FY07	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09
Total Revenue	$2,744	$3,285	$3,420	$3,104	$2,899	$3,033	$2,270	$2,150
$ Aggregate Customer Mix								
OEM	65%	66%	67%	65%	68%	66%	67%	61%
Distribution	28%	28%	26%	28%	25%	27%	26%	29%
Retail	7%	6%	7%	7%	7%	7%	7%	10%
$ Geographic								
North America	31%	29%	29%	31%	30%	27%	27%	27%
Europe	25%	27%	28%	28%	27%	29%	27%	28%
Asia Pacific	44%	44%	43%	41%	43%	44%	46%	45%
Inventory Breakdown								
Raw Materials	$277	$311	$293	$346	$352	$380	$274	$206
WIP	$85	$109	$119	$114	$111	$139	$93	$110
Finished Goods	$432	$343	$418	$613	$482	$390	$429	$261
	$794	$763	$830	$1,073	$945	$909	$796	$577
Drive Units by Market Category (000's)								
Enterprise Storage	4,290	4,550	5,250	5,290	5,200	5,210	4,280	3,400
Desktop Storage	23,830	29,030	29,850	26,710	25,380	28,160	20,950	22,210
Mobile	6,120	7,860	6,430	5,540	6,880	9,810	7,580	8,920
Consumer Electronics	5,010	5,740	8,080	5,100	5,650	4,820	3,930	3,910
	39,250	47,180	49,610	42,640	43,110	48,000	36,740	38,440
Cash Flow Related Items								
Capital Additions	$218	$150	$212	$275	$293	$280	$214	$59
Depreciation/Amortization	$201	$205	$215	$211	$213	$253	$228	$226
Inventory Turns	10.8	13.0	12.2	8.5	9.3	11.0	9.8	13.8
Days Sales Outstanding	46	42	42	40	44	42	42	37
World-Wide Employees	53,980	54,519	55,248	55,448	54,036	53,784	51,925	44,774

Reconciliation of GAAP Pre-tax Income to EBITDA

$ Millions

	4 Quarters ending FQ3'09
GAAP Pre-Tax Income (loss)	**($2,539)**
Depreciation	$850
Amortization	$70
Interest income	($21)
Interest expense	$125
EBITDA	**($1,515)**
Calculation of Adjusted EBITDA:	
Restructuring	$162
MXO FAS123R Expense (Non-interest portion)	$10
FAS 123R Expense, excluding MXO portion *	$87
Impairment of goodwill and other long-lived assets	$2,290
Adjusted EBITDA (used for debt covenant calculations)	**$1,034**

The non-GAAP information presented above is not meant to be considered in isolation or as a substitute for income before income taxes prepared in accordance with GAAP. You should not compare our EBITDA or Adjusted EBITDA to similarly-titled non-GAAP financial measures used by other companies, as they may be defined differently by other companies. Adjusted EBITDA is used by management in assessing Seagate's compliance with the debt covenants ratios set forth in its debt instruments, as set forth in more detail on page 10.

*** Per the credit agreement, FAS123R expenses maybe excluded from the Adjusted EBITDA for purposes of the debt covenant ratios calculation**

Debt Covenant Ratios *

$ Millions

	FQ3'09
Fixed Charge Coverage Ratio	
Adjusted EBITDA – Prior 4 quarters rolling	$1,034
Cash and short-term investments (net of short-term borrowings)	$1,131
Interest Expense – Prior 4 quarters rolling	$125
Capital Spending – Prior 4 quarters rolling	$846
Fixed Charge Coverage Ratio (≥ 1.5)	**2.2**
(Adjusted EBITDA + Cash and short-term investments) / (Interest Expense + Capital Spending)	
Net Leverage Ratio	
Long-term Debt, less current portion	$1,680
Current Portion of long-term debt	$320
Cash and short-term investments (net of short-term borrowings)	$1,131
Adjusted EBITDA – Prior 4 quarters rolling	$1,034
Net Leverage Ratio (≤ 1.5)	**0.8**
(Total Debt – Cash and short-term investments) / Adjusted EBITDA	
Cash and short-term investments (net of short-term borrowings) (>$500M)	**$1,131**

*** Debt covenants apply to the revolving credit facility**

Long-term Debt Maturity Profile

$ Millions

As of April 3, 2009

Facility	Rate	Due	Carrying Value $M
Floating Senior Notes	Libor + 84 bps	Oct-09	$300
Convertible Senior Notes	6.80%	Apr-10	$135
Senior Notes	6.375%	Oct-11	$599
Subordinated Debentures	5.75%	Mar-12	$37
Convertible Senior Notes	2.375%	Aug-12	$315
Senior Notes	6.8%	Oct-16	$599

Liquidity Updates:

Amendments to Debt Covenants (per agreement on April 3, 2009) [1]:

	FQ4'09	FQ1'10	FQ2'10
Net Leverage Ratio	≤ 1.8	≤ 2.65	≤ 1.8
(Total Debt – Cash and short-term investments) / Adjusted EBITDA			
Cash and short-term investments	>$600M	>$600M	>$600M
(Including short-term borrowings)			

[1] After the quarter ended January 1, 2010, the maximum permitted net leverage and minimum liquidity requirements will return to their previous levels under the existing credit agreement as shown on page 10

Long-term Debt Issue (expected to close on May 1, 2009):

Facility	Rate	Due	Carrying Value $M
Senior Secured 2nd Priority Notes	10.0%	May-14	$410

Cash Conversion Cycle

(Calculations assume 91 days per quarter)

	FQ3'09	FQ2'09	FQ3'08	Target
Days Sales Outstanding	37	42	40	
Days Payables Outstanding	63	64	76	
Days Inventory Outstanding	26	37	43	
Cash Conversion Cycle	0	15	6	12-15