



Fiscal Q4 2011

Supplemental Financial Information

Financial Highlights – 8 Quarter Trend



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 Items

Fiscal Q4 2011 Financial Results

\$ Millions

FQ4'11

YTD

Acquisition Related Costs	\$13	\$19	Amortization of purchased intangibles \$6M; Acquisition costs associated with Samsung transaction \$13M See pg 4
Restructuring Related Costs	\$4	\$18	Restructuring charges associated with previously announced restructuring activities
Gain on Sale	(\$15)	(\$15)	Gain on sale of facility See pg 5
Other Income/Expense	\$5	\$31	\$2M for early redemption of a portion of 10% secured notes; \$24M for redemption of Maxtor convertible notes; \$5M write-down on equity investment in FQ4'11
Tax Provision	\$0	\$14	Tax adjustment related to prior fiscal years
Total Expense/(Gain)	\$7	\$67	

Acquisition Related Costs Fiscal Q4 2011 (June Quarter)

\$ Millions – P&L Classification

	FQ4'11	YTD
Cost of Revenue ^[1]	\$0	\$4
Operating Expenses ^[2]	\$13	\$13
Amortization of Intangibles	\$0	\$2
Total	\$13	\$19

[1] Amortization of purchased intangibles

[2] Costs associated with pending acquisition of certain assets of Samsung



Gain on Sale of Facility

Fiscal Q4 2011 (June Quarter)

\$ Millions – P&L Classification

	FQ4'11	YTD
Cost of Revenue	(\$13)	(\$13)
Operating Expenses	(\$2)	(\$2)
Total	(\$15)	(\$15)



Gross Margin, Percent of Revenue Fiscal Q4 2011 (June Quarter)

	Gross Margin (\$M)	Gross Margin %
GAAP Reported	\$551	19.3%
Non- GAAP Items:		
- Gain on Sale of Facility ^[1]	(\$13)	
Total non-GAAP	\$538	18.8%

[1] Gain on sale of a facility



Cash from Operations and Free Cash Flow

Fiscal Q4 2011 (June Quarter)

\$ Millions	<i>FQ4'11</i>	<i>YTD</i>
Net Cash Provided by Operating Activities	\$317	\$1,264
Less: Acquisition of Property, Equipment and Leasehold Improvements	(\$158)	(\$843)
Free Cash Flow	\$159	\$421

Source: Consolidated Statements of Cash Flows (unaudited) for the period ended July 1, 2011



Preliminary Results

Financial Highlights – 8 Quarter Trend

\$ Millions	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11	Q4 FY11
Total Revenue	\$2,663	\$3,027	\$3,049	\$2,656	\$2,697	\$2,719	\$2,695	\$2,859
\$ Aggregate Customer Mix								
OEM	68%	69%	72%	73%	70%	68%	67%	72%
Distribution	24%	22%	21%	20%	22%	21%	23%	20%
Retail	8%	9%	7%	7%	8%	11%	10%	8%
\$ Geographic								
North America	24%	26%	26%	28%	29%	29%	29%	27%
Europe	23%	24%	23%	19%	21%	21%	21%	18%
Asia Pacific	53%	50%	51%	53%	50%	50%	50%	55%
Inventory Breakdown								
Raw Materials	\$217	\$188	\$241	\$263	\$244	\$266	\$281	\$286
WIP	\$135	\$165	\$159	\$145	\$152	\$159	\$176	\$201
Finished Goods	<u>\$270</u>	<u>\$292</u>	<u>\$285</u>	<u>\$349</u>	<u>\$347</u>	<u>\$383</u>	<u>\$377</u>	<u>\$385</u>
	\$622	\$645	\$685	\$757	\$743	\$808	\$834	\$872
Drive Units by Market Category (000's)								
Enterprise Storage	5,620	6,380	6,930	6,470	6,850	7,080	7,420	7,800
Client Compute	33,250	35,020	34,880	31,800	33,310	31,520	32,010	35,470
Client Non-Compute	<u>7,380</u>	<u>8,450</u>	<u>8,430</u>	<u>8,500</u>	<u>9,060</u>	<u>10,320</u>	<u>9,310</u>	<u>8,980</u>
	46,250	49,850	50,240	46,770	49,220	48,920	48,740	52,250
Cash Flow Related Items								
Capital Additions	\$89	\$103	\$180	\$267	\$358	\$202	\$125	\$158
Depreciation/Amortization	\$204	\$192	\$188	\$196	\$189	\$190	\$188	\$187
Inventory Turns	12.9	13.0	12.5	10.2	11.6	10.9	10.5	10.6
Days Sales Outstanding	42	40	43	48	51	47	47	48
World-Wide Employees *	48,059	50,337	51,197	51,672	51,400	52,835	52,201	52,726

Please note that some totals may not add due to rounding

* Historical World-Wide Employees revised to reflect updated reporting methodology

Units by Market – 16 Quarter Trend

Thousands

Drive Units by Market Category (000's)	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11	Q4 FY11
Enterprise	6,680	7,030	7,570	7,000	7,220	5,720	4,400	4,920	5,620	6,380	6,930	6,470	6,850	7,080	7,420	7,800
Client Compute	33,760	34,940	28,380	29,080	33,850	24,860	27,150	29,030	33,250	35,020	34,880	31,800	33,310	31,520	32,010	35,470
Client Non-Compute	6,750	7,630	6,690	7,030	6,930	6,160	6,890	6,670	7,380	8,450	8,430	8,500	9,060	10,320	9,310	8,980
	47,190	49,600	42,640	43,110	48,000	36,740	38,440	40,620	46,250	49,850	50,240	46,770	49,220	48,920	48,740	52,250

Market Definitions:

Enterprise: Includes Mission Critical (Fibre Channel, SCSI, SAS) drives as well as drives for Business Critical applications

Client Compute: Includes 3.5" and 2.5" ATA drives for desktop and mobile compute applications. Drives sold into the Consumer Electronics market will be reported in this category unless they are designed specifically for that market.

Client Non-Compute: Includes drives designed specifically for Consumer Electronic applications and Branded retail storage products. NAS units are reported at the system level, regardless of the number of drives per system.



Long-term Debt Maturity Profile

(as of July 1, 2011)

\$ Millions

Facility	Rate	Due	Carrying Value \$M
Senior Notes	6.375%	Oct-11	\$559
Senior Secured Notes	10.0%	May-14	\$403
Senior Notes	6.8%	Oct-16	\$599
Senior Notes	7.75%	Dec-18	\$750
Senior Notes	6.875%	May-20	\$600
Senior Notes	7.0%	Nov-21	\$600

