

Fiscal Q4 2012

Supplemental Financial Information

Financial Highlights – 8 Quarter Trend



Use of non-GAAP Financial Information

To supplement the preliminary financial information presented in accordance with generally accepted accounting principles (GAAP), the Company provides certain non-GAAP financial measures which are adjusted from results based on GAAP to exclude certain expenses. These non-GAAP financial measures are provided to enhance the user's overall understanding of the Company's current financial performance and its 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 that the Company believes are not indicative of its 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 the Company's industry

Summary of non-GAAP Adjustments (Unaudited)

Fiscal Q4 2012 & FY2012 (in millions, except per share amounts)

		For the Three Months Ended June 29, 2012	For the Fiscal Year Ended June 29, 2012
		<u> </u>	<u> </u>
GAAP net income		\$ 1,013	\$ 2,862
Non-GAAP adjustments:			
Cost of revenue	A	20	51
Product development	B	4	30
Marketing and administrative	B	1	15
Amortization of intangibles	C	18	38
Restructuring and other, net	C	—	4
Other expense, net	D	—	12
Provision for (benefit from) income taxes	E	<u>(28)</u>	<u>(35)</u>
Non-GAAP net income		<u>\$ 1,028</u>	<u>\$ 2,977</u>
Diluted net income per share:			
GAAP		\$ 2.37	\$ 6.49
Non-GAAP		\$ 2.41	\$ 6.75
Shares used in diluted net income per share calculation		427	441

See slide 4 for explanations of adjustments A - E

Summary of non-GAAP Adjustments (Unaudited)

Fiscal Q4 2012 & FY2012 (\$ millions, except per share amounts)

A For the three months ended June 29, 2012, Cost of revenue on a GAAP basis totaled \$2,998 million, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2,978 million. The non-GAAP adjustments include amortization expense of other intangible assets plus integration costs associated with the acquisition of Samsung's HDD business, which was completed in December 2011.

For the fiscal year ended June 29, 2012, Cost of revenue on a GAAP basis totaled \$10,255 million, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$10,204 million. The non-GAAP adjustments include amortization expense of other intangible assets, acquisition and integration costs associated with the acquisition of Samsung's HDD business and the 2012 voluntary early retirement program ("VERP") offered by the Company to certain of its employees in the U.S. in January 2012.

B For the three months ended June 29, 2012, Product development and Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the net impact of acquisition and integration costs associated with the acquisition of Samsung's HDD business, and costs associated with our pending acquisition of LaCie S.A. These exclusions were offset partially by a gain recorded on the sale of a building.

For the fiscal year ended June 29, 2012, Product development and marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the net impact of acquisition and integration costs associated with the acquisition of Samsung's HDD business, adjustments to the expected retirement obligations of certain leased and subleased facilities, costs associated with our pending acquisition of LaCie S.A., and costs associated with the accrual of the 2012 VERP. These were offset partially by the reversal of previously accrued litigation costs and a gain recorded on the sale of a building.

C For the three months and the fiscal year ended June 29, 2012, Amortization of intangibles related to the acquisition of Samsung's HDD business and Restructuring and other, net, which primarily related to prior year restructuring plans, have been excluded on a non-GAAP basis.

D For the fiscal year ended June 29, 2012, Other expense, net on a GAAP basis was an expense of \$226 million, while non-GAAP Other expense, net, which excludes the net impact of certain adjustments, was an expense of \$214 million. The non-GAAP adjustments include a loss related to the redemption of our 10% secured notes and a write-down of an equity investment, offset partially by a gain recognized upon sales of certain strategic investments.

E For the three months and the fiscal year ended June 29, 2012, non-GAAP net income excludes discrete tax items related to the release of valuation allowance on U.S. deferred tax assets associated with increases in the Company's forecasted U.S. taxable income.

Gross Margin as a Percent of Revenue

Fiscal Q4 2012 & FY2012

\$ Millions	FQ4'12	%	FY2012	%
GAAP Reported	\$1,484	33.1%	\$4,684	31.4%
Non-GAAP Adjustments				
Amortization of acquisition related other intangibles	\$17		\$37	
Acquisition & integration related expenses	\$3		\$10	
Voluntary Early Retirement	--		\$4	
Non-GAAP Reported	\$1,504	33.6%	\$4,735	31.7%

Product Development and Marketing & Administrative Fiscal Q4 2012

\$ Millions	Product Development	Marketing & Admin	Total
GAAP Reported	\$269	\$140	\$409
Non-GAAP Adjustments			
Acquisition & integration related expenses			(\$5)
Non-GAAP Reported			\$404

Cash from Operations and Free Cash Flow

Fiscal Q4 2012 & FY2012

\$ Millions	FQ4'12	FY2012
Net Cash Provided by Operating Activities	\$1,445	\$3,262
Less: Acquisition of Property, Equipment and Leasehold Improvements	(\$139)	(\$636)
Free Cash Flow	\$1,306	\$2,626

Source: Consolidated Statements of Cash Flows (unaudited) for the period ended June 29, 2012

Long-term Debt Maturity Profile (as of June 29, 2012)

Facility	Rate	Due	Carrying Value \$M
Senior Secured Notes	10.0%	May-14	\$314
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

Financial Highlights – 8 Quarter Trend (\$ Millions)

	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Customer Mix (\$)								
OEM	70%	68%	67%	72%	67%	72%	73%	74%
Distribution	22%	21%	23%	20%	23%	20%	21%	19%
Retail	8%	11%	10%	8%	10%	8%	6%	7%
Geographic Mix (\$)								
North America	29%	29%	29%	27%	28%	26%	26%	26%
Europe	21%	21%	21%	18%	21%	19%	19%	18%
Asia Pacific	50%	50%	50%	55%	51%	55%	55%	56%
Inventory Composition								
Raw Materials	\$244	\$266	\$281	\$286	\$268	\$408	\$366	\$265
WIP	\$152	\$159	\$176	\$201	\$167	\$162	\$273	\$245
Finished Goods	\$347	\$383	\$377	\$385	\$390	\$257	\$202	\$398
Units Shipped by Market (Millions)								
Enterprise Storage	6.9	7.1	7.4	7.8	6.9	6.5	7.4	8.5
Client Compute	33.3	31.5	32.0	35.5	33.4	32.7	43.8	46.3
Client Non-Compute	9.1	10.4	9.4	9.1	10.5	7.8	9.5	11.2
Cash Flow Related Items								
Capital Additions	\$358	\$202	\$125	\$158	\$218	\$143	\$136	\$139
Depreciation & Amortization	\$189	\$190	\$188	\$187	\$182	\$191	\$224	\$217
Inventory Turns	11.6	10.9	10.5	10.6	11.0	10.6	13.4	13.2
Days Sales Outstanding	51	47	47	48	47	46	51	47
World Wide Employees	51,400	52,835	52,201	52,726	52,864	53,010	57,145	57,879