Fiscal Q3 2007

Supplemental Financial Information

Seagate

Use of Non-GAAP Financial Measures

Our results of operations have undergone significant change in the past year, most significantly in connection with our acquisition of Maxtor. To help the readers of our condensed consolidated financial statements prepared on a GAAP basis better understand our past financial performance and our expectations of our future results, we supplementally disclosed in our press release dated April 17, 2007, after making certain non-GAAP adjustments, non-GAAP net income and non-GAAP diluted net income per share. A reconciliation of the adjustments to GAAP net income and diluted net income per share for this quarter is included in the tables below and in the press release dated April 17, 2007. In addition, an explanation of the ways in which our board of directors and management use these non-GAAP financial measures to evaluate the business, the substance behind our management's decision to use these non-GAAP financial measures, the material limitations associated with the use of these non-GAAP financial measures, the manner in which Seagate management compensates for those limitations, and the substantive reasons why we believe that these non-GAAP financial measures provide useful information to investors, is included under the caption "Use of Non-GAAP Financial Measures" in the Form 8-K furnished April 17, 2007 to the U.S. Securities and Exchange Commission. This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for net income or diluted net income per share prepared in accordance with GAAP. You should not compare our non-GAAP net income or non-GAAP net income per share results with those of other companies, as the adjustments made to our GAAP results are unique to Seagate.

In addition, to help the readers of our condensed consolidated financial statements prepared on a GAAP basis better understand our past gross margin and operating expenses, we supplementally disclosed on a conference call with investors on April 17, 2007, after making certain non-GAAP adjustments, non-GAAP gross margin and non-GAAP operating expenses. A reconciliation of the adjustments to GAAP gross margin and operating expenses this quarter is included in the tables below. This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for gross margin or operating expenses prepared in accordance with GAAP. You should not compare our non-GAAP gross margin or non-GAAP operating expenses with those of other companies, as the adjustments made to our GAAP results are unique to Seagate.

Elimination of FY2007 Variable Comp Plan Impact to FQ3'07

($ millions)

	Cost of Goods Sold	***Operating Expenses***	***Total P&L Impact***
Reversal of FQ1'07 & FQ2'07 Accrual	$16	$16	$32
Forecasted Charge for FQ3'07	$16	$16	$32
Benefit to FQ3'07 Results	$32	$32	$64

- Diluted net income per share guidance provided on April 17, 2007 does not include any variable compensation charges for FQ4'07
- Diluted net income per share guidance provided on January 23, 2007 included approximately $34 million of variable compensation charges for FQ4'07

Acquisition Related Costs
Fiscal Q3'2007 (March Quarter)

$ Millions

Amortization of Purchased Intangibles	$53
Write off In-Process R&D	$4
Stock Based Compensation	$3
Integration, Retention and All Other	$2
Total [1]	**$62**

Cost of Goods Sold	$40
Operating Expenses	$8
Amortization of Intangibles	$13
Other Income / Expense	$2
Tax Provision	($1)
Total	**$62**

[1] Split: Maxtor $56, EVault $6

Reconciliation of Non-GAAP Net Income & EPS Fiscal Q3 2007 (March Quarter)

	Net Income *($M)*	***Diluted EPS***
GAAP Reported	$212	$0.37
Non-GAAP Adjustments:		
Add: Acquisition Related Costs	$62	
Non-GAAP Reported	$274	$0.47
Benefit from Elimination of FY2007 Variable Comp Plan	$64	

All adjustments net of associated tax effects

Reconciliation of Non-GAAP Gross Margin Fiscal Q3 2007 (March Quarter)

	Gross Margin ($M)	Gross Margin %
GAAP Reported Gross Margin	$603	21.3%
Non-GAAP Adjustments:		
- Acquisition Related Costs	$40	
Non-GAAP Reported Gross Margin	$643	22.7%
Benefit from Elimination of FY2007 Variable Comp Plan	$32	

Reconciliation of Non-GAAP Operating Expenses Fiscal Q3 2007 (March Quarter)

$ Millions	*Product Devel*	*Mktg & Admin*	*Amort Intang*	*Rest*	*Total*
GAAP Operating Expenses [1]	$214	$126	$13	$3	$356
Non-GAAP Adjustments:					
- Amortization of Intangibles			($13)		($13)
- Write-off in-process R&D	($4)				($4)
- Stock Based Compensation	($3)				($3)
- Integration and Retention		($1)			($1)
Non-GAAP Operating Expenses	$207	$125	$0	$3	$335
Benefit from Elimination of FY2007 Variable Comp Plan					$32

[1] Operating Expenses include: Product Development, Marketing and Administrative, Amortization of Intangibles and Restructuring