Fiscal Q2 2015

Supplemental Financial Information

January 26, 2015

http://www.seagate.com/investors/

Safe Harbor Statement

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects and estimates of industry growth for the fiscal quarter ending April 3, 2015 and beyond. These statements identify prospective information and may include words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects” and similar expressions. These forward-looking statements are based on information available to the Company as of the date of this document and are based on management’s current views and assumptions. These forward-looking statements are conditioned upon and also involve a number of known and unknown risks, uncertainties, and other factors that could cause actual results, performance or events to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company’s control and may pose a risk to the Company’s operating and financial condition. Such risks and uncertainties include, but are not limited to: the uncertainty in global economic conditions, as consumers and businesses may defer purchases in response to tighter credit and financial news; the impact of the variable demand and adverse pricing environment for disk drives, particularly in view of current business and economic conditions; the Company’s ability to successfully qualify, manufacture and sell its disk drive products in increasing volumes on a cost-effective basis and with acceptable quality, particularly the new disk drive products with lower cost structures; the impact of competitive product announcements; possible excess industry supply with respect to particular disk drive products; and the Company’s ability to achieve projected cost savings in connection with restructuring plans. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this document is contained in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 7, 2014, the “Risk Factors” section of which is incorporated into this document by reference and other documents filed with or furnished to the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the Company’s views as of any subsequent date and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses, and operating income 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 they are consistent with the financial models and estimates published by financial analysts who follow the Company. The Company also presents free cash flow, which is a non-GAAP measure calculated as the sum of net cash provided by operating activities, less acquisition of property, equipment and leasehold improvements. Free cash flow does not reflect all of the Company's expenses and non-cash items and does not reflect the Company's uses of cash in financing and investment activities.

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.

Financial Highlights for Fiscal Q2'15

- Storage **shipments** grew **17%** year-over-year to **61.3 exabytes**.
- Achieved **revenue** of **$3.7** billion.
- Non-GAAP **gross margin** of **28.2%**.
- Non-GAAP diluted **EPS** of **$1.35**.
- Generated **$1.4 billion** in **operating cash flow** and **$1.2 billion** in **free cash flow**, including the arbitration award from the WD settlement.
- Returned a total of **$195 million** to shareholders through dividends and share redemptions.
- Paid quarterly cash **dividend** of **$0.54** per share, a **26% increase** from Q1'15.
- Upgraded by Moody's to investment grade Baa3 to bring Seagate in line with S&P and Fitch.

Product and Technology Development Highlights

- Unveiled a dramatic and contemporary rebranding of the company. The focus of the new Seagate brand is the "Living Logo", which will showcase data as a living, vibrant thing that powers human invention, culture and advances. The new brand underscores how Seagate's extensive product solution portfolio extends the company's deep expertise in data storage components into flash, systems and solutions for an even broader set of customers and partners.

- Launched Seagate Seven™ drive, the world's slimmest portable hard drive with 7mm depth and 500GB capacity. Also announced Seagate® Wireless, a 500GB portable wireless drive designed for streaming and offloading of media from mobile devices, and Seagate® Personal Cloud for the home.

- Unveiled Seagate® Kinetic HDD. Based on the Seagate Kinetic Open Storage platform, Kinetic HDD dramatically reduces total cost of ownership by combining an open source object storage protocol with Ethernet connectivity to eliminate multiple layers of legacy software and hardware infrastructure— greatly simplifying cloud storage architectures.

- Announced new Enterprise NAS HDD with enterprise reliability and NAS optimized performance in up to 16-bays. The Enterprise NAS drive is designed to perform at high levels under demanding workloads and in environments that call for global availability and 24x7 accessibility.

- Seagate was recognized in the annual HPCwire Readers' and Editors' Choice Awards, presented at SC14. Seagate® ClusterStor™ 9000 was honored Best HPC Storage Product or Technology award.

- Signed a reselling partnership agreement with SGI, a global leader in high performance solutions for compute, data analytics and data management. SGI will be offering customers the ClusterStor™ appliances, along with the ClusterStor Secure Data Appliance (SDA).

Quarterly Financial Trends

	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15[2]
ASP (HDD Only)	$62	$63	$63	$62	$62	$61	$60	$60	**$61**
Revenue ($M)	3,668	3,526	3,425	3,489	3,528	3,406	3,301	3,785	**3,696**
Gross Margin %	27.0%	26.9%	27.4%	28.0%	28.0%	28.2%	28.0%	27.8%	**27.8%**
Operating Expenses ($M)	437	483	491	497	543	515	515	595	**(26)**
Operating Income ($M)	555	465	448	478	444	444	410	456	**1,053**
Net Income ($M)	492	416	348	427	428	395	320	381	**933**
Basic EPS	$1.33	$1.16	$0.97	$1.20	$1.27	$1.21	$0.98	$1.17	**$2.84**
Diluted EPS	$1.30	$1.13	$0.94	$1.16	$1.24	$1.17	$0.95	$1.13	**$2.78**
Non-GAAP Results[1]									
Gross Margin %	27.6%	27.6%	28.0%	28.5%	28.5%	28.5%	28.5%	28.1%	**28.2%**
Operating Expenses ($M)	430	446	464	469	496	470	509	550	**546**
Operating Income ($M)	581	526	494	526	508	500	430	513	**495**
Net Income ($M)	523	464	447	473	455	453	370	453	**452**
Basic EPS	$1.42	$1.30	$1.25	$1.32	$1.35	$1.39	$1.13	$1.39	**$1.38**
Diluted EPS	$1.38	$1.26	$1.20	$1.29	$1.32	$1.34	$1.10	$1.34	**$1.35**

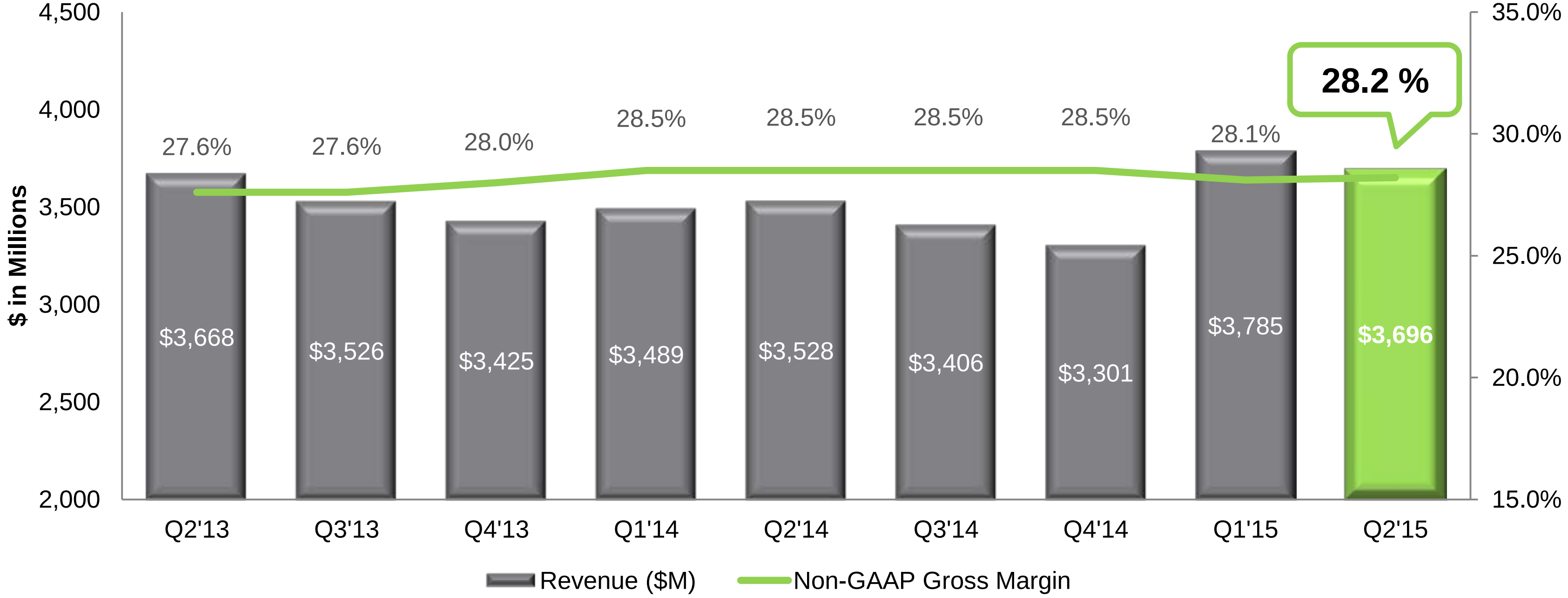
1. See slide 15, GAAP to Non-GAAP Reconciliations, for GAAP reconciliation.
2. See slide 17, Arbitration Award Reconciliation, for impact of the arbitration award on the Statement of Operations.

Quarterly Financial Trends (Continued)

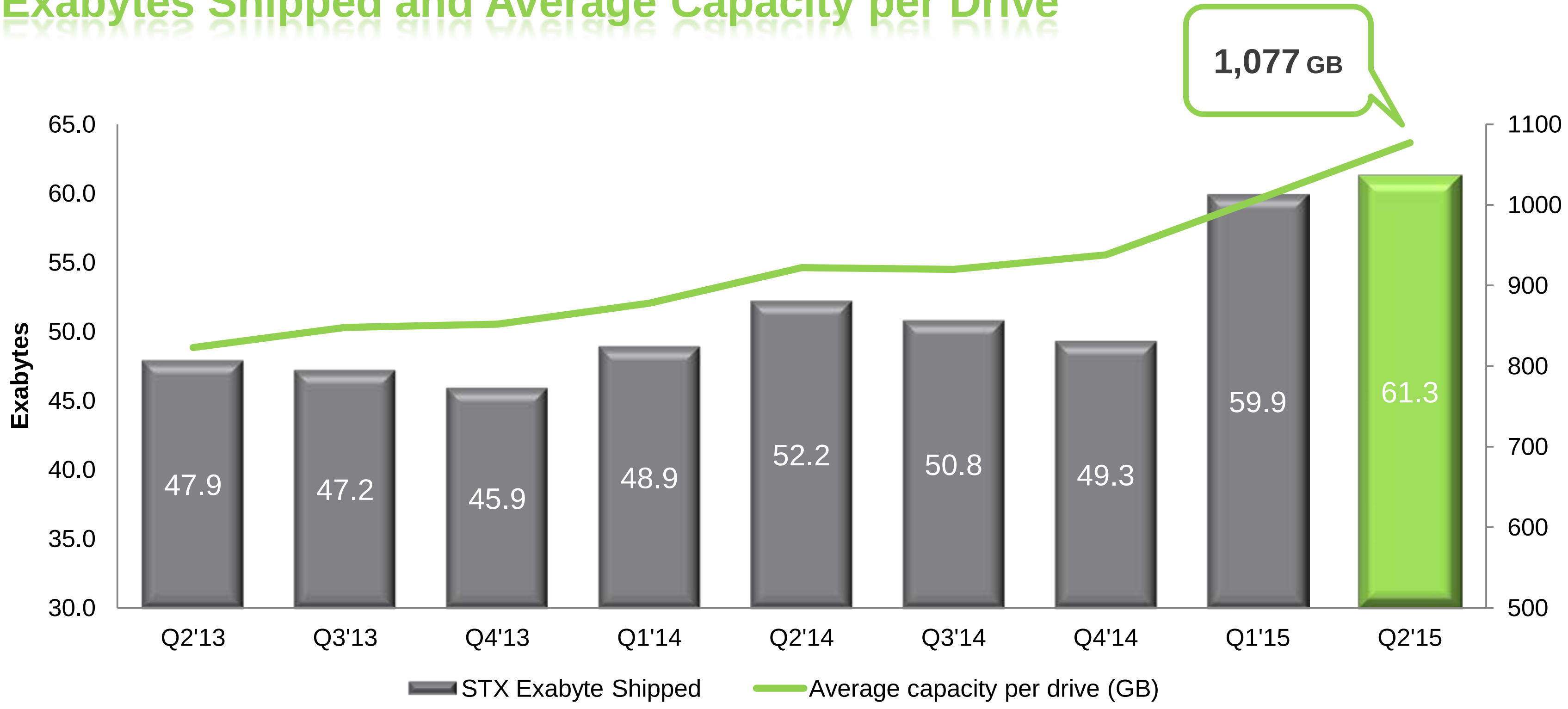
	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	**Q2'15**
End of Qtr Actual Share Count (M)	358	358	359	359	328	326	327	327	**329**
Basic Share O/S for EPS (M)	369	358	359	357	336	327	326	327	**328**
Diluted Shares O/S for EPS (M)	379	369	371	368	346	338	337	337	**336**
Dividend Per Share Paid[1]	$0.32	$0.38	$0.38	$0.38	$0.43	$0.43	$0.43	$0.43	**$0.54**
Shares Repurchased (M)	30	3	1	4	33	4	0.5	3	**0.3**
Fiscal YTD Shares Repurchased (M)	50	53	54	4	37	41	41	3	**3**
HDD TAM[2] (M)	136	136	133	140	142	138	138	147	**141**
Share[2]	43%	41%	40%	40%	40%	40%	38%	40%	**40%**
Exabytes Shipped (HDD Only)	47.9	47.2	45.9	48.9	52.2	50.8	49.3	59.9	**61.3**
Average Capacity per Drive (GB)	823	848	852	878	922	920	938	1,007	**1,077**

1. Q3'13 dividend payment pulled forward to December 2012.
2. Preliminary based on industry estimates.

Revenue and Non-GAAP Gross Margin



Exabytes Shipped and Average Capacity per Drive



Channel and Product Mix Trends

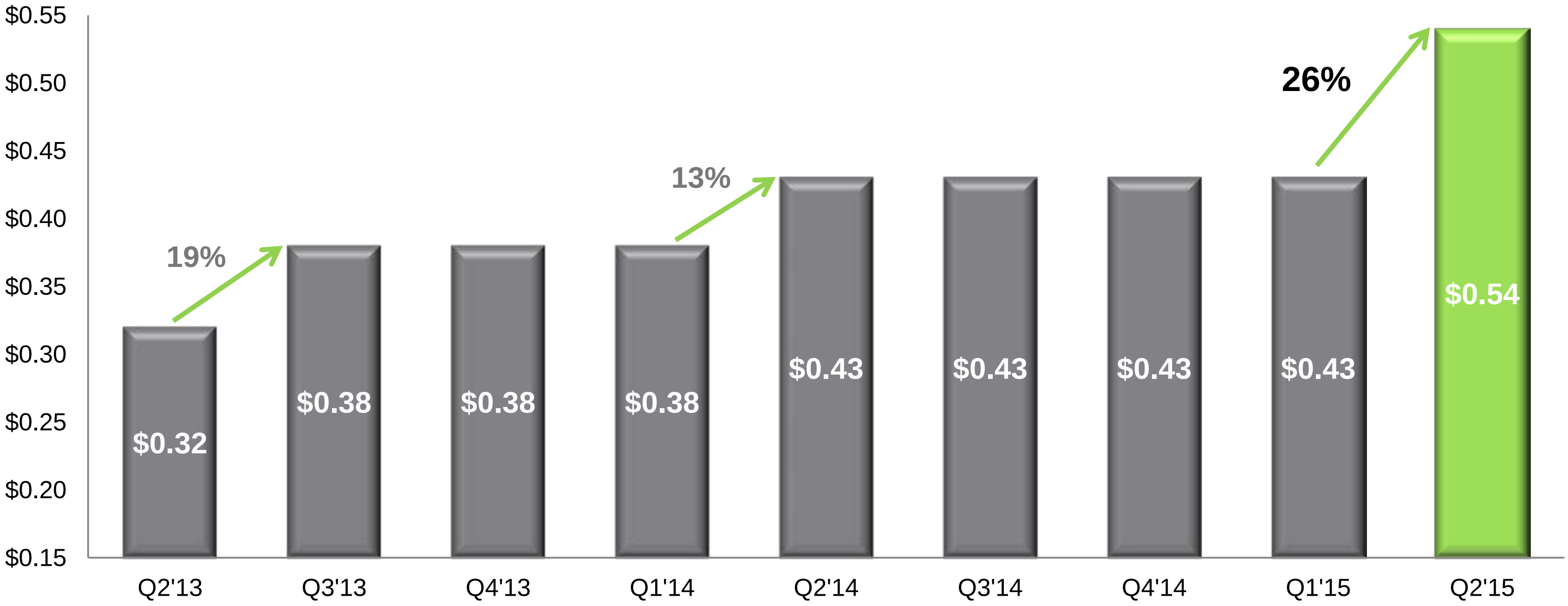
	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Revenue by Channel									
OEM	67%	67%	71%	68%	66%	66%	70%	70%	**69%**
Distributors	21%	20%	18%	21%	21%	20%	19%	18%	**18%**
Retail	12%	13%	11%	11%	13%	14%	11%	12%	**13%**
Enterprise Units (M)									
Enterprise	7.3	7.5	8.2	8.1	7.8	7.7	7.4	8.8	**9.1**
Compute Units (M)									
Desktop	21.9	19.6	18.6	19.1	19.2	19.8	18.4	18.7	**16.0**
Notebook	17.3	17.0	16.1	17.2	16.9	16.4	16.8	20.2	**19.7**
Non Compute Units (M)									
Consumer Electronics	5.6	5.8	6.1	6.2	6.7	5.4	5.1	6.0	**6.1**
Branded	6.0	5.7	4.8	5.1	6.2	5.9	4.8	5.7	**6.0**
Total HDD Units (M)	**58.2**	**55.7**	**53.9**	**55.7**	**56.6**	**55.2**	**52.5**	**59.5**	**56.9**

Cash Flow and Operational Trends

	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	**Q2'15[5]**
Cash[1] ($M)	1,970	2,010	2,289	2,521	2,343	2,310	2,658	2,205	**3,306**
Debt ($M)	2,818	2,478	2,777	2,773	3,572	3,514	3,920	3,809	**3,932**
Cash Flow From Operations ($M)	844	683	388	682	856	443	577	602	**1,443**
Capital Expenditures ($M)[2]	164	231	128	161	143	124	131	172	**215**
Free Cash Flow ($M)[3]	680	452	260	521	713	319	446	430	**1,228**
Cash Flow From Operations ($M)	844	683	388	682	856	443	577	602	**1,443**
Shares Repurchased ($M)	871	102	42	182	1,520	184	26	183	**18**
Dividends ($M)	250	4	137	135	142	140	140	140	**177**
YTD Percent Return of OCF[4]	95%	75%	71%	46%	129%	116%	97%	54%	**25%**
Days Sales Outstanding	41	40	44	42	42	44	48	49	**45**
Days Inventory Outstanding	27	29	31	32	34	31	38	38	**38**
Days Payables Outstanding	57	60	62	61	56	50	60	62	**59**
Cash Conversion Cycle	11	10	14	13	19	25	26	25	**24**
Inventory Turns	13	12	12	12	11	12	10	10	**10**
Worldwide Headcount	54,973	53,268	53,806	53,002	52,650	51,099	52,594	54,049	**54,840**

1. Includes cash, cash equivalents, restricted cash and short term investments.
2. Cash paid for the acquisition of property, equipment, and leasehold improvements.
3. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures.
4. Based on Fiscal Year.
5. Cash flow amounts include the impact of the arbitration award. See slide 17, Arbitration Award Reconciliation.

Dividend per Share Paid History



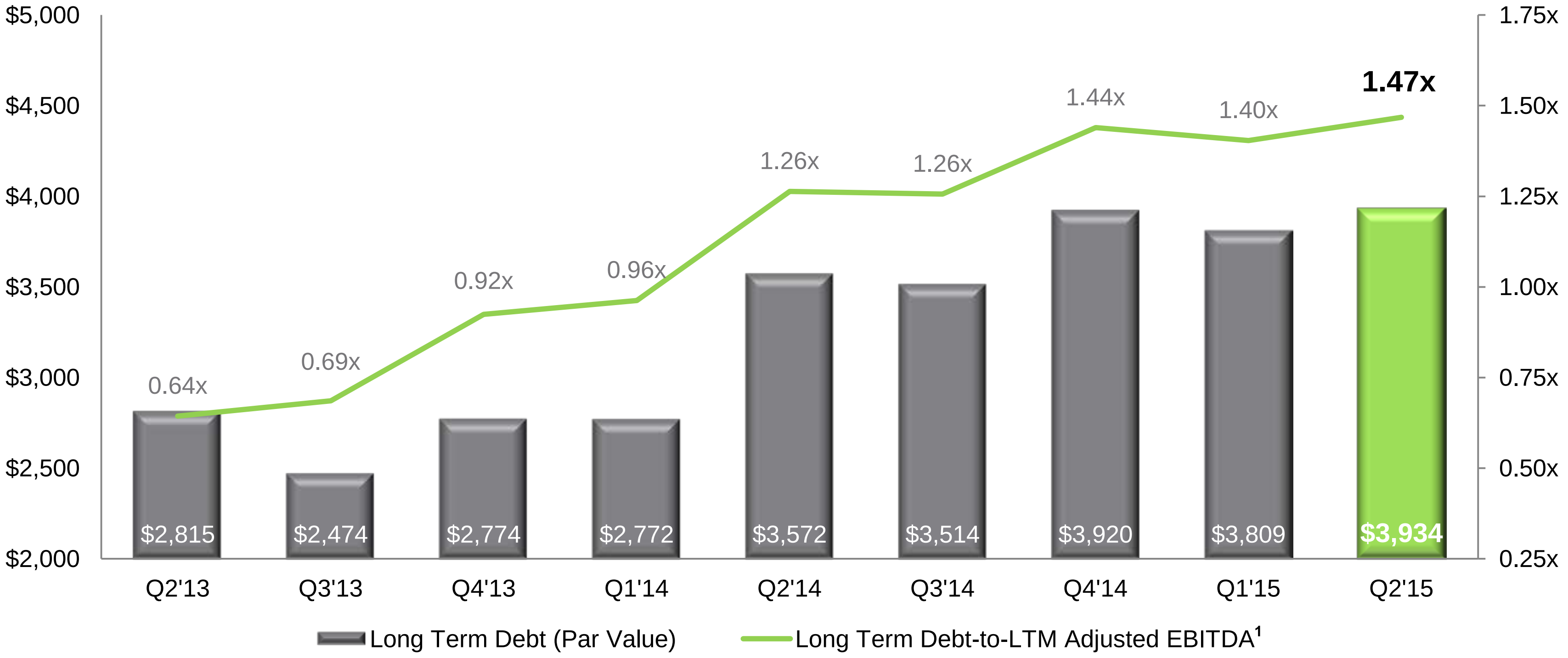
Footnote:
Q3'13 dividend payment pulled forward to December 2012.

Long Term Debt Profile

Facility	Rate	Due	Par Value $M
Senior Notes	3.75%	November 2018	$800
Senior Notes	6.88%	May 2020	$476
Senior Notes	7.00%	November 2021	$158
Senior Notes	4.75%	June 2023	$1,000
Senior Notes	4.75%	January 2025	$1,000
Senior Notes	5.75%	December 2034	$500
Total	**5.02%** [1]		**$3,934**

1. Total interest rate represents the weighted average interest rate.

Long Term Debt Profile



1. See slide 16, GAAP to Adjusted EBITDA Reconciliations, for reconciliation of net income to adjusted EBITDA.

GAAP to Non-GAAP Reconciliations

($ Millions)	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
GAAP net income	$492	$416	$348	$427	$428	$395	$320	$381	**$933**
Non-GAAP adjustments									
A. Cost of revenue	19	24	19	20	17	11	14	12	**14**
B. Product development	3	11	2	3	3	0	0	4	**6**
B. Marketing and administrative	(17)	5	4	3	3	17	(25)	4	**7**
C. Amortization of intangibles	20	20	20	20	25	26	27	31	**32**
D. Restructuring and other, net	1	1	1	2	16	2	4	6	**3**
E. Gain on arbitration award, net	-	-	-	-	-	-	-	-	**(620)**
F. Other income (expense), net	5	(13)	106	(2)	(31)	2	76	15	**(104)**
G. Provision for income taxes	0	0	(53)	0	(6)	0	(46)	0	**181**
Non-GAAP net income	**$523**	**$464**	**$447**	**$473**	**$455**	**$453**	**$370**	**$453**	**$452**
Diluted net income per share:									
GAAP	$1.30	$1.13	$0.94	$1.16	$1.24	$1.17	$0.95	$1.13	**$2.78**
Non-GAAP	$1.38	$1.26	$1.20	$1.29	$1.32	$1.34	$1.10	$1.34	**$1.35**
Shares used in diluted net income share calculation	379	369	371	368	346	338	337	337	**336**

A. The non-GAAP adjustments include amortization of intangibles and other acquisition related expenses associated with the acquisitions.
B. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis primarily to exclude the impact of acquisition and integration costs associated with the acquisitions.
C. Amortization of intangibles primarily related to our acquisitions have been excluded on a non-GAAP basis.
D. Restructuring and other, net, primarily related to our existing restructuring plans have been excluded on a non-GAAP basis.
E. Gain on arbitration award, net, has been excluded on a non-GAAP basis. See slide 17, Arbitration Award Reconciliation.
F. Other income (expense), net, has been adjusted on a non-GAAP basis mostly to exclude the partial payment of $143 million for interest accrued on the final arbitration award amount in the Company's case against Western Digital and the net impact of losses recognized on the early redemption and repurchase of debt.
G. Provision for income taxes, has been adjusted on a non-GAAP basis primarily to exclude the net tax expense associated with the final audit assessment from the Jiangsu Province State Tax Bureau of the People's Republic of China for changes to the Company's tax filings for the calendar years 2007 through 2013 and excludes 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.

Non-GAAP gross margin and Non-GAAP gross margin %: Non-GAAP gross margin is defined as Revenue less Cost of revenue less non-GAAP adjustments to Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Revenue.

Non-GAAP operating expenses, Non-GAAP operating income and Non-GAAP operating margin: Non-GAAP operating expenses is defined as Product development, Marketing and administrative, Amortization of intangibles, Restructuring and other, net and Gain on arbitration award, net excluding non-GAAP adjustments B through E noted in the table above. Non-GAAP operating income is defined as Income from operations excluding non-GAAP adjustments A through E noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Revenue.

GAAP to Adjusted EBITDA Reconciliations

($ Millions)	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	**Q2'15**
Income Before Income Taxes	$499	$430	$302	$440	$442	$390	$284	$392	**$1,126**
EBITDA adjustments									
Depreciation	181	184	185	191	189	185	183	184	**169**
Amortization	37	37	37	37	40	26	28	34	**39**
Interest Income	(2)	(2)	(2)	(5)	(1)	(1)	(1)	(1)	**(1)**
Interest Expense	55	53	50	44	49	52	50	54	**50**
EBITDA	**$770**	**$702**	**$572**	**$707**	**$719**	**$652**	**$544**	**$663**	**$1,383**
Non-GAAP adjustments									
A. Costs of Revenue	2	7	2	2	2	11	14	9	**7**
B. Product Development	3	11	2	3	3	0	0	4	**6**
B. Marketing and administrative	(17)	5	4	3	3	17	(25)	4	**7**
C. Restructuring and other, net	1	1	1	2	16	2	4	6	**3**
D. Gain on arbitration award, net	-	-	-	-	-	-	-	-	**(620)**
E. Other income (expense), net	5	(13)	106	(2)	(31)	2	76	15	**(104)**
Adjusted EBITDA	**$764**	**$713**	**$687**	**$715**	**$712**	**$684**	**$613**	**$701**	**$682**

A. The non-GAAP adjustments include amortization of intangibles and other acquisition related expenses associated with the acquisitions.

B. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis primarily to exclude the impact of acquisition and integration costs associated with the acquisitions.

C. Restructuring and other, net, primarily related to our existing restructuring plans have been excluded on a non-GAAP basis.

D. Gain on arbitration award, net, has been excluded on a non-GAAP basis. See slide 17, Arbitration Award Reconciliation.

E. Other income (expense), net, has been adjusted on a non-GAAP basis mostly to exclude the partial payment of $143 million for interest accrued on the final arbitration award amount in the Company's case against Western Digital and the net impact of losses recognized on the early redemption and repurchase of debt.

Arbitration Award Reconciliation

Gain on arbitration award

On October 8, 2014, the Minnesota Supreme Court ruled that the arbitration award in favor of the Company in its case against Western Digital for the misappropriation of the Company's trade secrets should be confirmed. In the arbitration award, issued on January 23, 2012, the arbitrator determined that Western Digital and its former employee had misappropriated the Company's trade secrets. The arbitrator awarded the Company $525 million in compensatory damages and, after adding interest, issued a final award of $630 million. Interest on the final award has been accruing at 10%. On October 14, 2014, the Company received a partial payment from Western Digital in the amount of $773 million.

Partial payment received from Western Digital (classification in Statement of Operations)	**$773 million**
Award amount *(Gain on arbitration award, net)*	$630 million
Accrued Interest *(Other, net)*	$143 million
Less litigation and other related costs *(Gain on arbitration award, net)*	($10 million)
Partial payment *(Net Income)*	**$763 million**[1]

1. Partial payment is included in Cash Flow From Operations.

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