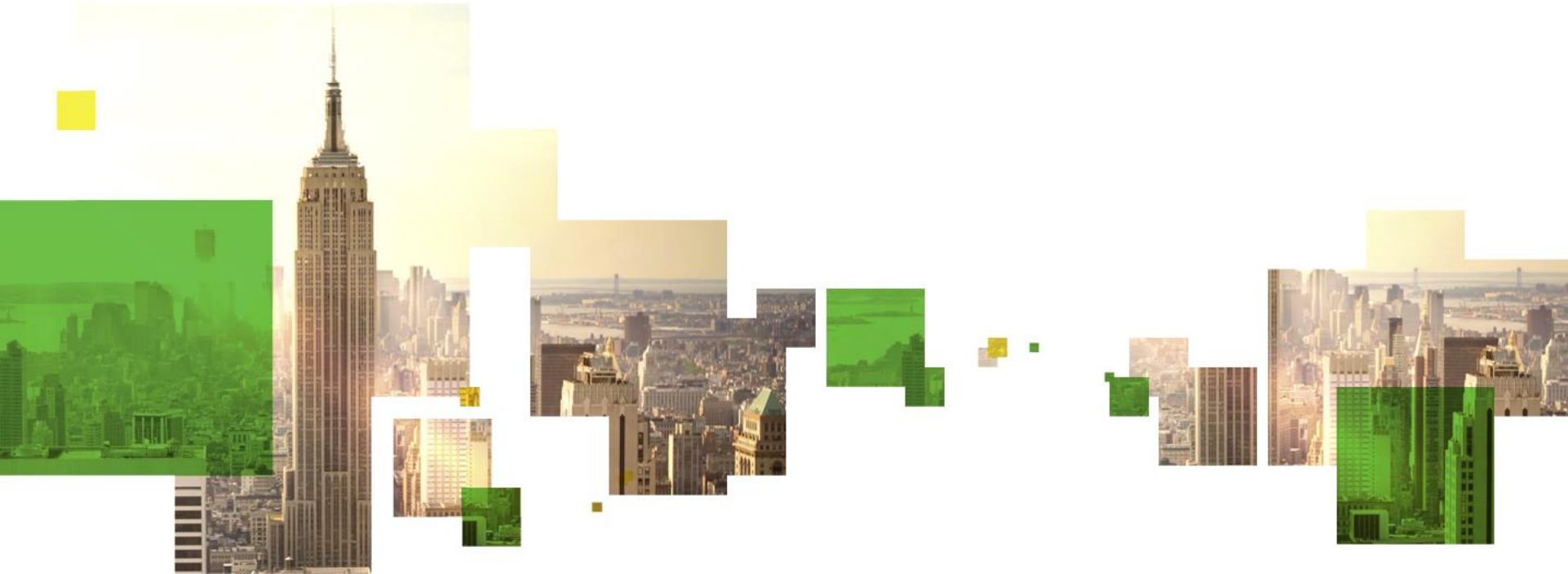


FISCAL Q4 2016



SUPPLEMENTAL FINANCIAL INFORMATION

August 2, 2016



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 the Company's plans, strategies and prospects and estimates of industry growth for the fiscal quarter ending September 30, 2016 and the fiscal year ending June 30, 2017 and beyond as well as our plans with respect to future dividend payments. 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; 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; the Company's ability to achieve projected cost savings in connection with restructuring plans; currency fluctuations that may impact the Company's margins and international sales; possible excess industry supply with respect to particular disk drive products; disruptions to its supply chain or production capabilities; unexpected advances in competing technologies; the development and introduction of products based on new technologies and expansion into new data storage markets; and cyber-attacks or other data breaches that disrupt its operations or results in the dissemination of proprietary or confidential information and fluctuations in interest rates. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this report is contained in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 11, 2015, the "Risk Factors" section of which is incorporated into this report 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 revenue, net income, diluted earnings per share, earnings per share, gross margin, gross margin as a percentage of revenue, operating expenses, free cash flow, and EBITDA 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. 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

Q4 2016

Revenue of **\$2.7 billion**

Paid quarterly cash dividend of **\$0.63** per share

Shipped **61.7 exabytes**, of which **24.7 exabytes** shipped in **Nearline** which grew **88%** YoY

Average capacity per drive of **1,674 GB**, grew **46%** YoY

FY 2016

Revenue of **\$11.2 billion**

Paid yearly cash dividend of **\$2.43** per share

Shipped **233.1 exabytes**, of which **69.7 exabytes** shipped in **Nearline** which grew **28%** YoY

Average capacity per drive of **1,379 GB**, grew **29%** YoY

Product and Technology Development Highlights



- Unveiled a **new portfolio of 10TB high capacity drives** dubbed the Guardian Series™. Purpose-built to help customers better manage and move the huge amounts of digital data they consume and create, the **10TB Seagate® BarraCuda® Pro** desktop drive, **Seagate IronWolf™** for NAS applications and **Seagate SkyHawk™** for surveillance introduce new brand names and imagery and represent the most complete 10TB portfolio in the industry. The Guardian Series features industry leading technology that raises the bar on features, speed and capacity for use across a wide range of markets, including personal, creative and design computing, online gaming, small- and medium-sized businesses and large-scale surveillance systems.



- Unveiled the **two terabyte (TB) version** of its **Nytro® XM1440 M.2** non-volatile memory express (NVMe) Solid State Drive (SSD) is the highest-capacity, enterprise-class M.2 NVMe SSD available today, making it well suited for demanding enterprise applications that require fast data access, capacity and processing.
- Announced it is **now shipping in volume its 10TB helium enterprise drives**— the **Seagate® Enterprise Capacity 3.5 HDD**. Engineered to meet the storage needs of top cloud service providers, the Enterprise Capacity 3.5 HDD features the industry's lowest power and weight for maximum space efficiency at the lowest energy usage— **lowering the overall total cost of ownership** (TCO) of today's large scale data centers.



- Announced an important breakthrough **partnership with Sugon**, China's leading information system integrated service provider, whereby the computer maker will incorporate Seagate's latest **4TB Enterprise Performance 3.5 HDD** into its new TC4600T line of server products.
- Announced it will **incorporate Intel Enterprise Edition for Lustre® (IEEL)**, a big data software platform, into its market-leading **ClusterStor®** storage architecture for high-performance computing (HPC). The move will strengthen Seagate's HPC data storage product line and provide customers with an additional choice of Lustre parallel file systems to help drive advancements in the HPC and big data market.

Quarterly Financial Trends

	Q4'14	Q1'15	Q2'15 ²	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Revenue (\$M)	3,301	3,785	3,696	3,330	2,927	2,925	2,986	2,595	2,654
Gross Margin %	28.0%	27.8%	27.8%	28.7%	26.5%	23.6%	24.8%	20.2%	24.9%
Operating Expenses (\$M)	515	595	(26)	612	570	603	512	497	559
Net Income (loss) (\$M)	320	381	933	291	138	34	165	(21)	70
Diluted EPS (LPS)	\$0.95	\$1.13	\$2.78	\$0.88	\$0.43	\$0.11	\$0.55	(\$0.07)	\$0.23
Non-GAAP Results¹									
Revenue (\$M)	3,301	3,785	3,696	3,330	2,927	2,927	2,985	2,591	2,653
Gross Margin %	28.5%	28.1%	28.2%	28.9%	27.2%	24.2%	25.6%	22.7%	25.8%
Operating Expenses (\$M)	509	550	546	555	515	501	453	439	443
Net Income (\$M)	370	453	452	357	250	165	246	66	207
Diluted EPS ³	\$1.10	\$1.34	\$1.35	\$1.08	\$0.77	\$0.54	\$0.82	\$0.22	\$0.69
End of Qtr Actual Share Count (M)	327	327	329	318	315	299	296	298	299
Diluted Shares O/S for EPS (M)	337	337	336	330	323	308	301	298	300
Dividend Per Share Paid	\$0.43	\$0.43	\$0.54	\$0.54	\$0.54	\$0.54	\$0.63	\$0.63	\$0.63
Shares Repurchased (M)	0.5	3	0.3	12	3.2	20	2.9	-	-
Fiscal YTD Shares Repurchased (M)	41	3	3	15.3	18.5	20	22.9	22.9	22.9
Revenue by Product Line (\$M)									
HDD	3,144	3,582	3,470	3,102	2,713	2,716	2,727	2,371	2,455
Enterprise Systems, Flash, and Other	157	203	226	228	214	209	259	224	199

1. See "GAAP to Non-GAAP Reconciliations" slide for GAAP reconciliation.

2. In Q2'15, Condensed Consolidated Statement of Operations includes the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

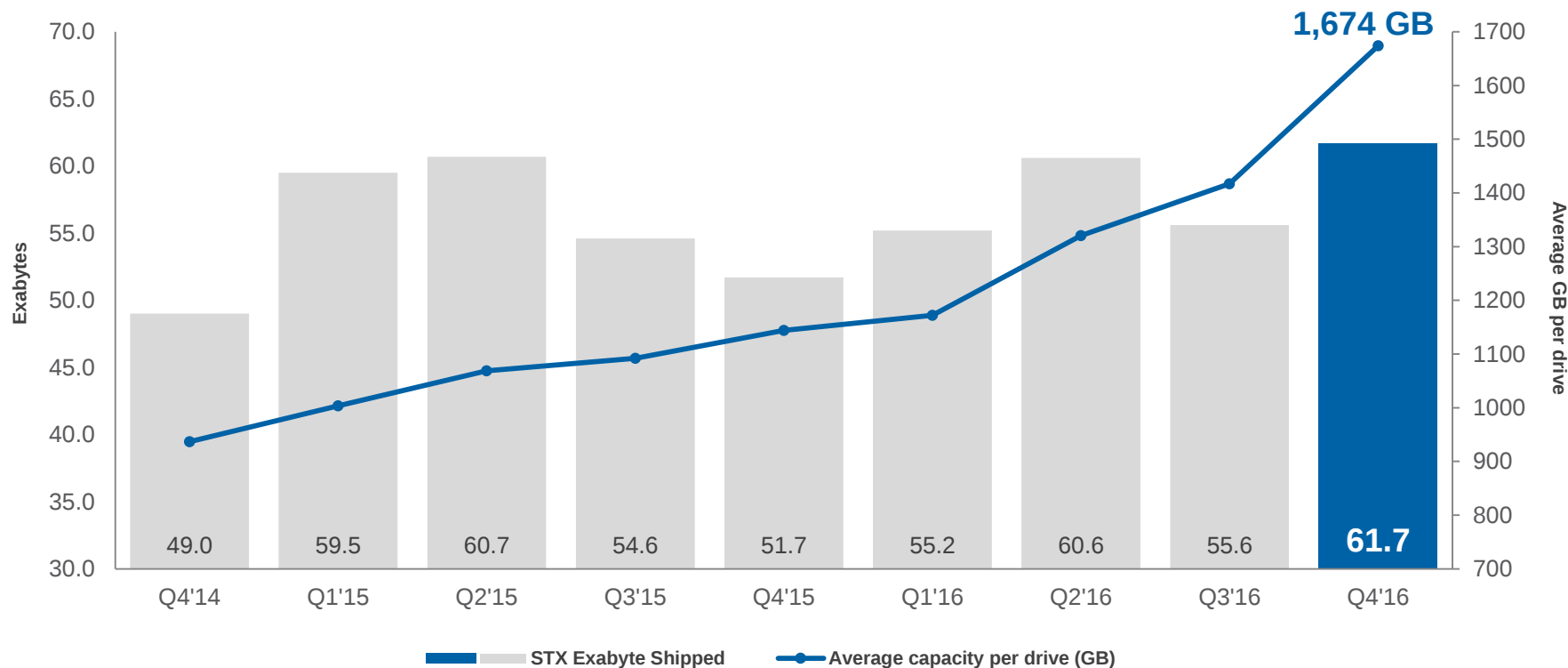
3. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

Product Mix Trends

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
<u>Enterprise</u>									
Capacity (EB)	10.6	14.7	16.7	17.1	15.5	14.6	17.7	19.9	27
Mission Critical	1.9	2.1	2.4	2.5	2.4	2.4	2.6	2.2	2.2
Nearline	8.7	12.5	14.3	14.6	13.2	12.2	15.1	17.7	24.7
Units (M)	7.2	8.6	9.0	9.0	8.1	7.6	8.1	7.7	8.5
Mission Critical	3.5	3.9	4.0	4.3	3.7	3.7	3.7	3.2	3.0
Nearline	3.7	4.7	5.0	4.7	4.4	3.9	4.4	4.5	5.5
Average Capacity per Drive (GB)	1,467	1,706	1,896	1,957	1,936	1,925	2,188	2,592	3,174
Mission Critical	531	543	578	588	631	650	691	687	739
Nearline	2,395	2,679	2,923	3,152	3,048	3,119	3,452	3,941	4,512
<u>Client Compute</u>									
Units (M)	35.2	38.9	35.7	31.1	26.6	28.8	25.3	21.4	17.1
Desktop	18.4	18.7	16.0	14.3	11.9	12.4	11.7	10.8	8.6
Notebook	16.8	20.2	19.7	16.8	14.6	16.4	13.6	10.6	8.5
<u>Non-Compute</u>									
Units (M)	9.9	11.8	12.1	9.9	10.5	10.7	12.5	10.1	11.2
Consumer Electronics	5.1	6.0	6.1	4.8	5.8	5.5	6.2	5.0	6.5
Branded	4.8	5.7	6.0	5.1	4.7	5.2	6.3	5.2	4.7
Total HDD Capacity (EB)	49.0	59.5	60.7	54.6	51.7	55.2	60.6	55.6	61.7
Total HDD Units (M)	52.3	59.3	56.8	50.0	45.2	47.1	45.9	39.2	36.8
Average Capacity per Drive (GB)	937	1,003	1,069	1,092	1,144	1,172	1,320	1,417	1,674
<u>Revenue by Channel</u>									
OEM	70%	70%	69%	70%	73%	70%	69%	69%	71%
Distributors	19%	18%	18%	18%	15%	18%	16%	16%	16%
Retail	11%	12%	13%	12%	12%	12%	15%	15%	13%

NOTE: Minor calculation variances maybe due to rounding.

Exabytes Shipped and Average Capacity per Drive



Cash Flow and Operational Trends

	Q4'14	Q1'15	Q2'15 ⁵	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Cash ¹ (\$M)	2,658	2,205	3,306	2,614	2,492	1,921	1,264	1,199	1,131
Debt (\$M)	3,920	3,809	3,932	3,931	4,155	4,140	4,140	4,130	4,130
Cash Flow From Operations (\$M)	577	602	1,443	374	228	824	382	205	269
Capital Expenditures ² (\$M)	131	172	215	159	201	209	137	95	146
Free Cash Flow ³ (\$M)	446	430	1,228	215	27	615	245	110	123
YTD Cash Flow From Operations ⁴ (\$M)	2,558	602	2,045	2,419	2,647	824	1,206	1,411	1,680
YTD Shares Repurchased ⁶ (\$M)	1,912	183	201	907	1,087	983	1,090	1,090	1,090
YTD Dividends ⁴ (\$M)	557	140	317	493	664	163	351	539	727
YTD Percent Return of OCF ⁴	97%	54%	25%	58%	66%	139%	119%	115%	108%
Days Sales Outstanding	48	49	45	48	54	47	43	44	45
Days Inventory Outstanding	38	38	38	42	42	45	43	41	40
Days Payables Outstanding	60	62	59	65	64	77	71	66	69
Cash Conversion Cycle	26	25	24	25	32	15	14	19	16
Worldwide Headcount	52,594	54,049	54,840	53,602	52,346	51,079	50,048	46,673	45,487

NOTE: Minor calculation variances maybe due to rounding.

1. Beginning Q1'16, restricted cash is no longer included. Prior to Q1'16, the balance 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. In Q2'15, cash flow amounts include the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

6. Based on Fiscal Year. For YTD Shares Repurchased through Fiscal Q2'16, \$1,061 million was paid in cash and \$29 million was accrued for as of January 1, 2016.

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
GAAP net income (loss)	\$320	\$381	\$933	\$291	\$138	\$34	\$165	(\$21)	\$70
<u>Non-GAAP adjustments</u>									
A. Revenue	-	-	-	-	-	2	(1)	(4)	(1)
B. Cost of revenue	14	12	14	8	19	17	23	67	23
C. Product development	0	4	6	4	2	6	3	2	5
C. Marketing and administrative	(25)	4	7	7	12	4	10	9	3
D. Amortization of intangibles	27	31	32	32	32	33	29	27	28
E. Restructuring and other, net	4	6	3	14	9	59	17	20	80
F. Gain on arbitration award, net	-	-	(620)	-	-	-	-	-	-
G. Other income (expense), net	76	15	(104)	1	17	10	-	(34)	(1)
H. Provision for (benefit from) income taxes	(46)	0	181	-	21	-	-	-	-
Non-GAAP net income	\$370	\$453	\$452	\$357	\$250	\$165	\$246	\$66	\$207
<u>Diluted net income (loss) per share:</u>									
GAAP	\$0.95	\$1.13	\$2.78	\$0.88	\$0.43	\$0.11	\$0.55	(\$0.07)	\$0.23
Non-GAAP	\$1.10	\$1.34	\$1.35	\$1.08	\$0.77	\$0.54	\$0.82	\$0.22	\$0.69
Shares used in diluted net income (loss) share calculation ¹	337	337	336	330	323	308	301	298	300

- A. Revenue has been adjusted on a non-GAAP basis to exclude revenue associated with our disposed data services business and sales return provision for certain products that will be discontinued.
- B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, recognition of certain terminated contracts and write down of inventory, other acquisition-related expenses, and write off of certain fixed assets.
- C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions, and marketing and administrative expenses of our disposed data services business.
- D. Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.
- E. Restructuring and other, net, has been adjusted on a non-GAAP basis primarily related to a reduction in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.
- F. In Q2'15, Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.
- G. Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the receipt of the unpaid interest of \$33 million on the final arbitration award amount in the Company's case against Western Digital, the impact of net gains recognized on the early repurchase of debt, and the impairment of certain strategic investments.
- H. In Q2'15, Provision for (benefit from) 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 Revenue and Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Non-GAAP 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 adjusted for non-GAAP items C through F noted in the table above. Non-GAAP operating income is defined as income from operations adjusted for non-GAAP items A through F noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Non-GAAP Revenue.

1. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

GAAP to Adjusted EBITDA Reconciliations

(\$ Millions)	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Income Before Income Taxes	\$284	\$392	\$1,126	\$304	\$149	\$31	\$180	\$9	\$54
EBITDA adjustments									
Depreciation	183	184	169	164	172	167	163	155	156
Amortization	28	34	39	39	40	41	46	43	44
Interest Income	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)
Interest Expense	50	54	50	48	55	47	48	47	51
EBITDA	\$544	\$663	\$1,383	\$554	\$414	\$285	\$436	\$253	\$304
Non-GAAP adjustments									
A. Revenue	-	-	-	-	-	2	(1)	(4)	(1)
B. Cost of Revenue	14	9	7	1	12	10	8	52	3
C. Product Development	0	4	6	4	2	6	3	2	2
C. Marketing and administrative	(25)	4	7	7	12	4	10	9	1
D. Restructuring and other, net	4	6	3	14	9	59	17	20	80
E. Gain on arbitration award, net	-	-	(620)	-	-	-	-	-	-
F. Other income (expense), net	76	15	(104)	1	17	10	-	(34)	(1)
Adjusted EBITDA	\$613	\$701	\$682	\$581	\$466	\$376	\$473	\$298	\$388
Stock Compensation Expense (\$M)	31	42	31	33	31	33	32	30	25
Credit Agreement Defined EBITDA¹	\$644	\$743	\$713	\$614	\$497	\$409	\$505	\$328	\$413

- A. Revenue has been adjusted on a non-GAAP basis to exclude revenue associated with our disposed data services business and sales return provision for certain products that will be discontinued.
- B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, recognition of certain terminated contracts and write down of inventory, other acquisition related expenses, accelerated depreciation and write off of certain fixed assets.
- C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions, accelerated depreciation, and marketing and administrative expenses of our disposed data services business.
- D. Restructuring and other, net, has been adjusted on a non-GAAP basis primarily related to a reduction in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.
- E. In Q2'15, Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.
- F. Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the receipt of the unpaid interest of \$33 million on the final arbitration award amount in the Company's case against Western Digital, the impact of net gains recognized on the early repurchase of debt, and the impairment of certain strategic investments.



[HTTP://WWW.SEAGATE.COM/INVESTORS/](http://www.seagate.com/investors/)

August 2, 2016

