Seagate Technology plc
Form 10-K
August 09, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 29, 2012

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-31560

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland	**98-0648577**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

38/39 Fitzwilliam Square
Dublin 2, Ireland
(Address of principal executive offices)

Registrant's telephone number, including area code: (353) (1) 234-3136

Securities registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary Shares, par value $0.00001 per share	**The NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ý NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. YES o NO ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ý NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO ý

The aggregate market value of the voting and non-voting ordinary shares held by non-affiliates of the registrant as of December 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $7.5 billion based upon the closing price reported for such date by the NASDAQ.

The number of outstanding ordinary shares of the registrant as of July 30, 2012 was 397,268,225.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the registrant's Annual General Meeting of Shareholders, to be held on October 24, 2012, will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC no later than 120 days after the registrant's fiscal year ended June 29, 2012.

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SEAGATE TECHNOLOGY PLC

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Effective as of 1:30 p.m. PDT on July 3, 2010 (the "Effective Time"), Seagate Technology public limited company, an Irish public limited company, ("Seagate-Ireland") became the successor to Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands ("Seagate-Cayman"). In this Annual Report on Form 10-K (this "Form 10-K"), unless the context indicates otherwise, as used herein, the terms "we," "us," "Seagate," the "Company" and "our" refer to Seagate-Cayman and its subsidiaries for periods prior to the Effective Time and to Seagate-Ireland and its subsidiaries for periods after the Effective Time. References to "$" are to the United States dollar.

We have compiled the market size in this Form 10-K using statistics and other information obtained from several third-party sources.

Various amounts and percentages used in this Form 10-K have been rounded and, accordingly, they may not total 100%.

We own or otherwise have rights to the trademarks and trade names, including those mentioned in this Form 10-K, used in conjunction with the marketing and sale of our products.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements and assumptions included in this Form 10-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or 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 year ending June 28, 2013 and beyond contained in "Item 1. Business," "Item 1A. Risk Factors," "Item 3. Legal Proceedings," and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements identify prospective information and include words such as "expects," "plans," "anticipates," "believes," "estimates," "predicts," "projects" and similar expressions. These forward-looking statements are based on information available to us as of the date of this report and are based on management's current views and assumptions. These forward-looking statements are also conditioned upon and also involve known and unknown risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those in such statements. Such risks, uncertainties and other factors may be beyond our control and may pose a risk to our operating and financial condition. Such risks and uncertainties include, but are not limited to:

- uncertainty in global economic conditions, as consumers and businesses may defer purchases in response to tighter credit and financial news;

- the impact of variable demand and the adverse pricing environment for disk drives, particularly in view of current business and economic conditions;

- our dependence on our ability to successfully qualify, manufacture and sell our 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 and possible excess industry supply with respect to particular disk drive products;

- our ability to achieve projected cost savings in connection with restructuring plans;

- the risk that we will incur significant incremental costs in connection with the implementation of our recently executed transactions with Samsung Electronics Co. Ltd. or that we will not achieve the benefits expected from such transactions (see Item 1A Risk Factors for risks related to our Strategic Alignment with Samsung below); and

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significant disruption to the industry supply chain due to the severe flooding throughout parts of Thailand and the industry's ability to recover from such disruption (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of severe flooding in Thailand below).

Additional risks and uncertainties are set forth and are discussed in more detail in "Item 1A. Risk Factors" of this Form 10-K. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Annual Report on Form 10-K as anticipated, believed or expected. These forward-looking statements should not be relied upon as representing our views as of any subsequent date and we undertake no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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PART I

ITEM 1. BUSINESS

We are a leading provider of electronic data storage products. Our principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. Hard disk drives are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. Disk drives continue to be the primary medium of mass data storage due to their performance attributes, high quality, cost effectiveness and energy efficiencies.

We produce a broad range of electronic data storage products addressing enterprise applications, where our products are designed for enterprise servers, mainframes and workstations; client compute applications, where our products are designed for desktop and notebook computers; and client non-compute applications, where our products are designed for a wide variety of end user devices such as digital video recorders (DVRs), gaming consoles, personal data backup systems, portable external storage systems and digital media systems. In addition to manufacturing and selling disk drives, we provide data storage services for small- to medium-sized businesses, including online backup, data protection and recovery solutions.

Industry Overview

Electronic Data Storage Industry

The electronic data storage industry is comprised of companies that manufacture components or subcomponents designed for electronic data storage devices and companies that provide storage solutions through a variety of technologies such as disk drives and semiconductor-based storage technologies such as flash memory.

Demand for Electronic Data Storage

Technological advances in storage technology and a proliferation of content rich devices such as media tablets, DVRs, gaming consoles, digital music players and digital cameras, are driving the broad, global proliferation and growth of digital content through the:

- *creation and sharing* of all types of digital content, such as high-resolution photos, high definition video and movies, and music by consumers and electronic data by enterprises;

- *aggregation and distribution* of digital content through services and other offerings such as YouTube, Facebook, Netflix, Pandora, iTunes, Hulu and LinkedIn;

- *network and video infrastructure*, including broadband, internet protocol television (IPTV), cable and satellite that has enabled the access, hosting and distribution of such digital content;

- *enjoyment and consumption* of digital content through DVRs, handheld devices, tablets, smart phones and gaming consoles, as well as in automobiles; and

- *protection* of digital content through storage on backup devices and storage services.

As a result of these factors, the nature and amount of content being created requires increasingly higher storage capacity in order to store, manage, distribute, utilize and backup such content. This in turn has resulted in the rapid growth in demand for electronic data storage applications and solutions which we believe will continue to grow with the increased demand for electronic data storage in developed countries as well as in emerging economies.

We believe that demand for electronic data storage in the enterprise and traditional compute markets continues to grow as the proliferation of digital content in the consumer space has resulted in additional

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demand for storage by enterprises, including those that host, aggregate, distribute or share such content. Other factors driving demand for additional storage include:

- continued growth in cloud computing and backup services for enterprises seeking efficient and cost-effective methods of processing and storing mass data increases demand for storage as data centers expand and proliferate;

- increasing legal and regulatory requirements, which necessitate larger archives; and

- changes in the nature and amount of data being stored, such as the growing use of digital records in the health care industry.

Demand Trends for Disk Drives

We believe that continued growth in digital content requires increasingly higher storage capacity in order to store, aggregate, host, distribute, manage, backup and use such content, which we believe will continue to result in increased demand for disk drive products. In addition, we believe the continued increased demand for electronic data storage, in developed countries as well as in emerging economies, reflects the demand for real-time access to rich data and content driven by the impact of a highly mobile and increasingly connected user base. We believe these trends will continue as computing architectures evolve to serve the growing commercial and consumer user base throughout the world.

We believe that in the foreseeable future the traditional enterprise and client compute markets that require high capacity storage solutions, as well as the data intensive client non-compute markets, will continue to be best served by hard disk drives based on the industry's ability to deliver cost effective, reliable and energy efficient mass storage devices. Furthermore, the increased use of client non-compute devices that consume media rich content streamed from the cloud increases the demand for high capacity disk drives in nearline applications.

Industry Supply Balance

From time to time the industry has experienced periods of imbalance between supply and demand. To the extent that the disk drive industry builds capacity based on expectations of demand that do not materialize, price erosion may become more pronounced. Conversely, during periods where demand exceeds supply, price erosion is generally muted.

In early October 2011, floodwaters north of Bangkok, Thailand inundated many manufacturing industrial parks that contained a number of the factories supporting the HDD industry's supply chain. The HDD industry had concentrated a large portion of its supply chain participants within these industrial parks in an effort to reduce cost and improve logistics. As a result, the inundation of floodwaters into these industrial parks had caused the closure or suspension of production by a number of participants within the HDD supply chain.

During the supply chain disruption in fiscal year 2012, we believe demand exceeded supply due to the impact from the flooding in Thailand, resulting in an increase in the average selling price ("ASP"). The industry's ability to manufacture and ship drives has continued to recover through the end of the fiscal year and we believe total shipments in the industry were approximately 600 million units, compared to 657 million units during fiscal year 2011. As of June 29, 2012, we believe that the HDD industry's component supply chain has substantially recovered.

Markets

The principal markets served by the disk drive industry are:

Enterprise Storage. We define enterprise storage as those solutions which are designed for mission critical and nearline applications.

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Mission critical applications are defined as those that are vital to the operation of enterprises, requiring high performance and high reliability solutions. We expect the market for mission critical enterprise storage solutions to continue to be driven by enterprises moving network traffic to dedicated storage area networks in an effort to reduce network complexity and increase energy savings. We believe that this transition will lead to an increased demand for more energy efficient, smaller form factor solutions. These solutions are comprised principally of high performance enterprise class disk drives with sophisticated firmware and communications technologies.

Solid state drive ("SSD") storage applications have been introduced as a potential alternative to redundant system startup or boot disk drives. In addition, enterprises are gradually adopting SSDs in applications where rapid processing and/or energy efficiency is required. The timing of significant adoption of SSDs is dependent on enterprises weighing the cost effectiveness and other benefits of mission critical enterprise disk drives against the perceived performance benefits of SSDs.

Nearline applications are defined as those which require high capacity and energy efficient solutions featuring low costs per gigabyte. We expect such applications, which include storage for cloud computing, content delivery and backup services, will continue to grow and drive demand for solutions designed with these attributes. With the increased consumption of media rich content streamed from the cloud, we expect increased petabyte demand for high capacity nearline devices.

Client Compute. We define client compute applications as solutions designed for desktop and mobile compute applications. We believe that the increase in demand resulting from growing economies of certain countries and the continued proliferation of digital content will continue to drive growing demand for the client compute market. As the storage of digital content in the cloud becomes more prominent, some client compute applications may require less built-in storage, and therefore SSDs could become more competitive within the client compute market in the future. SSDs could become more competitive within the client compute market in the future as mobile compute applications transition to smaller and thinner form factors.

Client Non-Compute. We define client non-compute applications as solutions designed for consumer electronic devices and disk drives used for external storage and network-attached storage (NAS). Disk drives designed for consumer electronic devices are primarily used in applications such as DVRs and gaming consoles that require a higher capacity, low cost-per-gigabyte storage solution. Disk drives for external and NAS devices are designed for purposes such as personal data backup and portable external storage, and to augment storage capacity in the consumer's current desktop, notebook, tablet or DVR disk drive capacities. Client non-compute applications also include devices designed to display digital media in the home theater. We believe the proliferation and personal creation of high definition and media-rich digital content will continue to create increasing consumer demand for higher storage solutions.

Participants in the electronic data storage industry include:

Major subcomponent manufacturers. Companies that manufacture components or subcomponents used in electronic data storage devices or solutions include companies that supply spindle motors, heads and media, application specific integrated circuits (ASICs) and glass substrates.

Hardware storage solutions manufacturers. Companies that transform components into storage products include disk drive manufacturers and semiconductor storage manufacturers which include integrating flash memory into storage products such as solid state drives (SSDs).

System integrators. Companies that bundle and package storage solutions into client compute, client non-compute or enterprise applications as well as enterprise storage solutions. Distributors that integrate storage hardware and software into end-user applications are also included in this category.

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Storage services. Companies that provide services and solutions related to the backup, archiving, recovery and discovery of electronic data.

Our Business

Disk Drive Technology

The design and manufacturing of disk drives depends on highly advanced technology and manufacturing techniques and therefore requires high levels of research and development spending and capital equipment investments. Manufacturing our disk drives is a complex process that begins with the production of individual components and ends with a fully assembled disk drive. We design, fabricate and assemble a number of the most important components found in our disk drives, including read/write heads and recording media. Our design and manufacturing operations are based on technology platforms that are used to produce various disk drive products that serve multiple data storage applications and markets. Our core technology platforms are focused around the areal density of media and read/write head technologies. Using an integrated platform design and manufacturing leverage approach allows us to deliver a portfolio of disk drive products to service a wide range of electronic data storage applications and a wide range of industries.

Disk drives that we manufacture are commonly differentiated by the following key characteristics:

- storage capacity, commonly expressed in gigabytes (GB) or terabytes (TB), which is the amount of data that can be stored on the disk drive;

- spindle rotation speed, commonly expressed in revolutions per minute (RPM), which has an effect on speed of access to data;

- interface transfer rate, commonly expressed in megabytes per second, which is the rate at which data moves between the disk drive and the computer controller;

- average seek time, commonly expressed in milliseconds, which is the time needed to position the heads over a selected track on the disk surface;

- data transfer rate, commonly expressed in megabytes per second, which is the rate at which data is transferred to and from the disk drive;

- product quality and reliability, commonly expressed in annualized return rates; and

- energy efficiency, commonly measured by the power output necessary to operate the disk drive.

Areal density is a measure of storage capacity per square inch on the recording surface of a disk. The storage capacity of a disk drive is determined by the number of disks it contains as well as the areal density capability of these disks. We have been pursuing, and will continue to pursue, a number of technologies to increase areal densities across the entire range of our products for expanding disk drive capacities and reducing the number of disks and heads per drive to further reduce product costs.

Manufacturing

Vertically integrated hard drive manufacturers design and produce their own read/write heads and recording media, which are critical technologies for disk drives. This integrated approach enables manufacturers to lower costs and to improve the functionality of components so that they work together efficiently.

We believe that because of our vertical design and manufacturing strategy, we are well suited to meet the challenges posed by the close interdependence of components for disk drives. Our manufacturing efficiency and flexibility are critical elements of our integrated business strategy. We continuously seek to improve our manufacturing efficiency and cost by:

- employing manufacturing automation to enhance our efficiency;
- improving product quality and reliability and reducing costs;
- integrating our supply chain with suppliers and customers to enhance our demand visibility and reduce our working capital requirements;
- coordinating between our manufacturing group and our research and development organization to rapidly achieve volume manufacturing; and
- leveraging the facilities we operate and the personnel we employ.

A vertically integrated model, however, tends to have less flexibility when demand moderates as it exposes us to higher unit costs as capacity utilization is not optimized.

Due to the significant challenges posed by the need to continually innovate and improve manufacturing efficiency and the continued demands on capital and research and development investments required to do so, the disk drive industry has undergone significant consolidation as disk drive manufacturers and component manufacturers merged with other companies or exited the industry.

Components and Raw Materials

Disk drives incorporate certain components, including a head disk assembly and a printed circuit board mounted to the head disk assembly, which are sealed inside a rigid base and top cover containing the recording components in a contamination controlled environment. We maintain a highly integrated approach to our business by designing and manufacturing a significant portion of the components we view as critical to our products, such as recording heads and media.

Read/Write Heads. The function of the read/write head is to scan across the disk as it spins, magnetically recording or reading information. The tolerances of recording heads are extremely demanding and require state-of-the-art equipment and processes. Our read/write heads are manufactured with thin-film and photolithographic processes similar to those used to produce semiconductor integrated circuits, though challenges in magnetic film properties and topographical structures are unique to the disk drive industry. We perform all primary stages of design and manufacture of read/write heads at our facilities. We use a combination of internally manufactured and externally sourced read/write heads, the mix of which varies based on product mix, technology and our internal capacity levels.

Media. Information is written to the media, or disk, as it rotates at very high speeds past the read/write head. The media is made from non-magnetic material, usually aluminum alloy or glass, and is coated with a thin layer of magnetic material. We use a combination of internally manufactured and externally sourced finished media and aluminum substrates, the mix of which varies based on product mix, technology and our internal capacity levels. We purchase all of our glass substrates from third parties, which we use in the disk drives we make for mobile products.

Printed Circuit Board Assemblies. The printed circuit board assemblies (PCBAs) are comprised of standard and custom ASICs and ancillary electronic control chips. The ASICs control the movement of data to and from the read/write heads and through the internal controller and interface, which communicates with the host computer. The ASICs and control chips form electronic circuitry that delivers instructions to a head positioning mechanism called an actuator to guide the heads to the selected track of a disk where the data is recorded or retrieved. Disk drive manufacturers use one or more industry standard interfaces such as serial advanced technology architecture (SATA); small computer system interface (SCSI); serial attached SCSI (SAS); or Fibre Channel (FC) to communicate to the host systems. We outsource to third parties the manufacture and assembly of the PCBAs used in our disk drives. We do not manufacture any ASICs, but we participate in their proprietary design.

Head Disk Assembly. The head disk assembly consists of one or more disks attached to a spindle assembly powered by a spindle motor that rotates the disks at a high constant speed around a hub. Read/write heads, mounted on an arm assembly, similar in concept to that of a record player, fly extremely close to each disk surface and record data on and retrieve it from concentric tracks in the magnetic layers of the rotating disks. The read/write heads are mounted vertically on an E-shaped assembly (E-block) that is actuated by a voice-coil motor to allow the heads to move from track to track. The E-block and the recording media are mounted inside the head disk assembly. We purchase spindle motors from outside vendors and from time to time participate in the design of the motors that go into our products. We use a combination of internally manufactured and externally sourced head disk assemblies.

Disk Drive Assembly. Following the completion of the head disk assembly, it is mated to the PCBA, and the completed unit goes through extensive defect mapping and testing prior to packaging and shipment. Disk drive assembly and test operations occur primarily at facilities located in China and Thailand. We perform subassembly and component manufacturing operations at our facilities in China, Malaysia, Northern Ireland, Singapore, Thailand and in the United States in Minnesota. In addition, third parties manufacture and assemble components and disk drive assemblies for us in various countries worldwide.

Suppliers of Components and Industry Constraints. There are a limited number of independent suppliers of components, such as recording heads and media, available to disk drive manufacturers. Vertically integrated disk drive manufacturers, who manufacture their own components, are less dependent on external component suppliers than less vertically integrated disk drive manufacturers. In fiscal year 2012, the industry experienced significant increases in the cost of components due to the severe flooding in Thailand.

Commodity and Other Manufacturing Costs. The production of disk drives requires rare earth elements, precious metals, scarce alloys and industrial commodities, which are subject to fluctuations in prices and the supply of which has at times been constrained. For example, during the latter part of fiscal year 2011 and continuing into fiscal year 2012, the industry experienced significant increases in the costs of rare earth elements, which are used in magnets as well as in the process for polishing glass substrates. In addition to increased costs of components and commodities, volatility in fuel costs may also increase our costs related to commodities, manufacturing and freight. As a result, we may increase our use of ocean shipments to help offset any increase in freight costs.

Products

We offer a broad range of products for the enterprise, client compute and client non-compute market applications. We offer more than one product within each product family and differentiate products on the basis of price, performance, form factor, capacity, interface, power consumption efficiency, security features like full disk encryption and other customer integration requirements. Our industry is characterized by continuous and significant advances in technology which contribute to rapid product life cycles. We list our main current product offerings below.

Enterprise Storage

Cheetah SCSI/SAS/Fibre Channel Family. Our Cheetah 3.5-inch disk drives ship in 10,000 and 15,000 RPM and in storage capacities ranging from 73GB to 600GB. Commercial uses for Cheetah disk drives include Internet and e-commerce servers, data mining and data warehousing, mainframes and supercomputers, department/enterprise servers and workstations, transaction processing, professional video and graphics and medical imaging.

Savvio SCSI/SAS/Fibre Channel Family. We are currently shipping our fifth generation Savvio 2.5-inch enterprise disk drive featuring increased throughput and improved energy efficiency, targeted at space optimized enterprise storage systems. Our Savvio disk drives ship in 10,000 and 15,000 RPM and in storage capacities ranging from 73GB to 900GB. We believe that end-user customers are increasingly adopting the smaller 2.5-inch form factor enterprise class disk drives, which allow the installation of more disk drives per square foot, thus facilitating faster access to data.

Constellation ES SATA Family. Our Constellation disk drives ship in both 2.5-inch and 3.5-inch and in storage capacities of up to 1TB and 3TB, respectively, at 7,200 RPM. The Constellation is designed for reference data environments that require high capacity, enterprise reliability, energy efficiency and optional security.

Pulsar Family. Our Pulsar family of products are performance-optimized solid state drives for high-value, critical data, requiring enterprise class endurance and reliability in capacities ranging from 50GB to 800GB.

Client Compute

Momentus ATA/SATA Family. Our Momentus family of disk drives for mobile computing disk drive products ship in 5,400 and 7,200 RPM and in capacities ranging from 160GB to 1 TB. Momentus disk drives are used in notebooks for business, government, education and consumer applications. Consumer uses for Momentus disk drives also include tablets and digital audio applications. Our Momentus 7200.4 is a 7,200 RPM disk drive for high-performance notebooks. Our Momentus Thin is the industry's first 7mm z-height, 2.5 inch form factor drive. In addition, we are the industry leader in shipments of hybrid drives into the notebook market with our Momentus XT product line. Hybrid disk drives incorporate both a hard disk drive and NAND flash storage. The benefits of such drives are improved performance over hard disk drives, as well as higher capacity and lower cost compared to SSDs alone.

Barracuda ATA/SATA Family. Our Barracuda 3.5-inch disk drives ship in 5,400, 5,900 and 7,200 RPM and in storage capacities of up to 3TB. Barracuda disk drives are designed for applications such as PCs, workstations and personal external storage devices.

Spinpoint SATA Mobile Family. Our Spinpoint M8 2.5-inch mobile computing disk drives ship in 5,400 RPM, come in storage capacities of up to 1 TB, and continue to be produced under the Samsung brand name.

Spinpoint SATA Desktop Family. Our Spinpoint F3 3.5-inch desktop computing disk drives ship in 7,200 RPM, come in storage capacities of up to 1 TB, and continue to be produced under the Samsung brand name.

Client Non-Compute

Pipeline HD and DB35 SATA Family. We sell our 3.5-inch Pipeline HD and DB35 disk drives primarily for use in DVRs. These disk drives are optimized for leading-edge digital entertainment and range from 160GB to 2TB.

Pipeline Mini SATA Family. We sell our 2.5-inch, 5,400 RPM Pipeline Mini disk drives, with capacities ranging from 160GB up to 500GB, for use in low-profile DVRs, gaming consoles, home entertainment devices and small footprint media PCs.

We ship external backup storage solutions under our GoFlex®, Backup Plus and Expansion product lines, as well as under the Samsung brand name. These product lines utilize our 3.5-inch and 2.5-inch disk drives, which are available in capacities up to 3TB and 1TB, respectively. We also ship network attached storage (NAS) solutions under our GoFlex® Home and BlackArmor® product lines. These product lines

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utilize our 3.5-inch disk drives; our GoFlex® Home products are available in capacities up to 3TB, and our BlackArmor® products are available in capacities up to 12TB.

Customers

We sell our products to major OEMs, distributors and retailers.

The following table summarizes our revenue by channel and by geography:

	Fiscal Years Ended		
	June 29, 2012	**July 1, 2011**	**July 2, 2010**
Revenues by Channel (%)			
OEM	72%	69%	71%
Distributors	21%	22%	21%
Retail	7%	9%	8%
Revenues by Geography (%)			
Americas	26%	29%	26%
EMEA	19%	20%	22%
Asia Pacific	55%	51%	52%

OEM customers typically enter into master purchase agreements with us. These agreements provide for pricing, volume discounts, order lead times, product support obligations and other terms and conditions. The term of these agreements is usually 12 to 24 months. Deliveries are scheduled only after receipt of purchase orders. In addition, with limited lead-time, customers may defer most purchase orders without significant penalty. Anticipated orders from many of our customers have in the past failed to materialize or OEM delivery schedules have been deferred or altered as a result of changes in their business needs.

Our distributors generally enter into non-exclusive agreements for the resale of our products. They typically furnish us with a non-binding indication of their near-term requirements and product deliveries are generally scheduled accordingly. The agreements and related sales programs typically provide the distributors with limited right of return and price protection rights. In addition, we offer sales programs to distributors on a quarterly and periodic basis to promote the sale of selected products in the sales channel.

Our retail channel consists of our branded storage products sold to retailers either by us directly or by our distributors. Retail sales made by us or our distributors typically require greater marketing support, sales incentives and price protection periods.

In fiscal years 2012, 2011 and 2010, Dell Inc. accounted for approximately 15%, 13% and 11% of consolidated revenue, respectively, while Hewlett-Packard Company accounted for approximately 14%, 15% and 16% of consolidated revenue, respectively. See "Item 1A. Risk Factors Risks Related to Our Business Dependence on Key Customers We may be adversely affected by the loss of, or reduced, delayed or canceled purchases by, one or more of our larger customers."

Competition

The markets that we compete in are intensely competitive. Disk drive manufacturers not only compete for a limited number of major disk drive customers but also compete with other companies in the electronic data storage industry that provide alternative storage solutions, such as flash memory and SSDs. Some of the principal factors used by customers to differentiate among electronic data storage solutions manufacturers are storage capacity, price per unit and price per gigabyte, storage/retrieval access times, data transfer rates, product quality and reliability, supply continuity, form factor, warranty and brand. We believe that our disk drive products are competitive with respect to each of these factors in the markets that we currently address.

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Principal Disk Drive Competitors. We have experienced and expect to continue to experience intense competition from other disk drive manufacturers. After the industry consolidation experienced during fiscal year 2012, in which we acquired certain assets that comprised the HDD business of Samsung Electronics Co. Ltd. and Western Digital Corporation acquired Viviti Technologies Ltd. (formerly Hitachi Global Storage Technologies). Our primary competitors are Western Digital Corporation and Toshiba Corporation.

Other Competitors. We also are experiencing competition from companies that provide alternative storage technologies such as flash memory and SSDs used both in lower capacity hand held devices and for rapid processing and high volume transactions.

Price Erosion. Our industry has been characterized by price declines for disk drive products with comparable capacity, performance and feature sets ("like-for-like products"). Price declines for like-for-like products ("price erosion") are more pronounced during periods of:

- economic contraction or industry consolidation in which competitors may use discounted pricing to attempt to maintain or gain market share;
- few new product introductions when competitors have comparable or alternative product offerings; and
- industry supply exceeding demand.

Disk drive manufacturers typically attempt to offset price erosion with an improved mix of disk drive products characterized by higher capacity, better performance and additional feature sets and/or product cost reductions.

Product Life Cycles and Changing Technology. Success in our industry has been dependent to a large extent on the ability to be the first-to-market with new products to market in high volume, with quality attributes that our customers expect, before our competitors, generally allowing those disk drive manufacturers who introduce new products first to benefit from improved product mix, favorable profit margins and less pricing pressure until comparable products are introduced. Also, because our industry is characterized by continuous price erosion, being first-to-market has necessitated quick achievement of product cost effectiveness. Changing technology also necessitates on-going investments in research and development, which may be difficult to recover due to rapid product life cycles and economic declines. Further, there is a continued need to successfully execute product transitions and new product introductions, as factors such as quality, reliability and manufacturing yields become of increasing competitive importance.

Disk Drive Industry Consolidation. Due to the significant challenges posed by the need to continually innovate and improve manufacturing efficiency and the continued demands on capital and research and development investments required to do so, the disk drive industry has undergone significant consolidation as disk drive manufacturers and component manufacturers merged with other companies or exited the industry. We acquired Samsung Electronics Co., Ltd's hard disk drive business in December of 2011, and Western Digital purchased Viviti Technologies Ltd. (formerly Hitachi Global Storage Technologies) in March of 2012. Additionally, we may in the future face indirect competition from customers who from time to time evaluate whether to offer electronic data storage products that may compete with our products.

Seasonality

The disk drive industry traditionally experiences seasonal variability in demand with higher levels of demand in the second half of the calendar year. This seasonality is driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter. In addition, corporate demand is typically higher during the second half of the calendar year.

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Research and Development

We are committed to developing new component technologies, products and alternative storage technologies. Our research and development focus is designed to bring new products to market in high volume, with quality attributes that our customers expect, before our competitors. Part of our product development strategy is to leverage a design platform and/or subsystem within product families to serve different market needs. This platform strategy allows for more efficient resource utilization, leverages best design practices, reduces exposure to changes in demand, and allows for achievement of lower costs through purchasing economies. Our advanced technology integration effort focuses disk drive and component research on recording subsystems, including read/write heads and recording media, market-specific product technology and technology focused towards new business opportunities. The primary purpose of our advanced technology integration effort is to ensure timely availability of mature component technologies to our product development teams as well as allowing us to leverage and coordinate those technologies in the design centers across our products in order to take advantage of opportunities in the marketplace. During fiscal years 2012, 2011, and 2010, we had product development expenses of approximately $1,006 million, $875 million, and $877 million, respectively, which represented 7%, 8%, and 8% of our consolidated revenue, respectively.

Patents and Licenses

As of June 29, 2012, we had 5,323 U.S. patents and 1,866 patents issued in various foreign jurisdictions as well as 1,275 U.S. and 1,156 foreign patent applications pending. The number of patents and patent applications will vary at any given time as part of our ongoing patent portfolio management activity. Due to the rapid technological change that characterizes the electronic data storage industry, we believe that, in addition to patent protection, the improvement of existing products, reliance upon trade secrets, protection of unpatented proprietary know-how and development of new products are also important to our business in establishing and maintaining a competitive advantage. Accordingly, we intend to continue our efforts to broadly protect our intellectual property, including obtaining patents, where available, in connection with our research and development program.

The electronic data storage industry is characterized by significant litigation relating to patent and other intellectual property rights. Because of rapid technological development in the electronic data storage industry, some of our products have been, and in the future could be, alleged to infringe existing patents of third parties. From time to time, we receive claims that our products infringe patents of third parties. Although we have been able to resolve some of those claims or potential claims by obtaining licenses or rights under the patents in question without a material adverse affect on us, other claims have resulted in adverse decisions or settlements. In addition, other claims are pending, which if resolved unfavorably to us could have a material adverse effect on our business and results of operations. For more information on these claims, see "Item 8. Financial Statements and Supplementary Data-Note 14, Legal, Environmental, and Other Contingencies." The costs of engaging in intellectual property litigation in the past have been, and in the future may be, substantial, irrespective of the merits of the claim or the outcome. We have patent licenses with a number of companies. Additionally, as part of our normal intellectual property practices, we may be engaged in negotiations with other major electronic data storage companies and component manufacturers with respect to patent licenses.

Backlog

In view of industry practice, whereby customers may cancel or defer orders with little or no penalty, we believe backlog in the disk drive industry is of limited indicative value in estimating future performance and results.

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Environmental Matters

Our operations are subject to U.S. and foreign laws and regulations relating to the protection of the environment, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Some of our operations require environmental permits and controls to prevent and reduce air and water pollution, and these permits are subject to modification, renewal and revocation by issuing authorities.

We have established environmental management systems and continually update environmental policies and standard operating procedures for our operations worldwide. We believe that our operations are in material compliance with applicable environmental laws, regulations and permits. We budget for operating and capital costs on an ongoing basis to comply with environmental laws. If additional or more stringent requirements are imposed on us in the future, we could incur additional operating costs and capital expenditures.

Some environmental laws, such as the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended, the "Superfund" law) and its state equivalents, can impose liability for the cost of cleanup of contaminated sites upon any of the current or former site owners or operators or upon parties who sent waste to these sites, regardless of whether the owner or operator owned the site at the time of the release of hazardous substances or the lawfulness of the original disposal activity. We have been identified as a potentially responsible party at several sites. At each of these sites, we have an assigned portion of the financial liability based on the type and amount of hazardous substances disposed of by each party at the site and the number of financially viable parties. We have fulfilled our responsibilities at some of these sites and remains involved in only a few at this time.

While our ultimate costs in connection with these sites is difficult to predict with complete accuracy, based our current estimates of cleanup costs and its expected allocation of these costs, we do not expect costs in connection with these sites to be material.

We may be subject to various state, federal and international laws and regulations governing the environment, including those restricting the presence of certain substances in electronic products. For example, the European Union ("EU") enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, which prohibits the use of certain substances, including lead, in certain products, including disk drives, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the United States, Canada, Mexico, Taiwan, China, Japan and others. The European Union REACH Directive (Registration, Evaluation, Authorization, and Restriction of Chemicals, EC 1907/2006) also restricts substances of very high concern ("SVHCs") in products. If we or our suppliers fail to comply with the substance restrictions, recycle requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on our business.

Employees

At June 29, 2012, we employed approximately 57,900 employees, temporary employees and contractors worldwide, of which approximately 50,600 employees were located in our Asian operations. We believe that our future success will depend in part on our ability to attract and retain qualified employees at all levels. We believe that our employee relations are good.

Financial Information

Financial information for our reportable business segment and about geographic areas is set forth in "Item 8. Financial Statements and Supplementary Data-Note 13, Business Segment and Geographic Information."

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Corporate Information

On July 3, 2010, we consummated our previously announced reorganization pursuant to which Seagate Technology public limited company, a public limited company organized under the laws of Ireland, became the publicly traded parent of the Seagate corporate family. Prior to the reorganization our publicly traded parent was Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands.

Available Information

Availability of Reports. We are a reporting company under the Securities Exchange Act of 1934, as amended (the "1934 Exchange Act"), and we file reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the "SEC"). The public may read and copy any of our filings at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Because we make filings to the SEC electronically, the public may access this information at the SEC's website: *www.sec.gov*. This site contains reports, proxies and information statements and other information regarding issuers that file electronically with the SEC.

Web Site Access. Our website is *www.seagate.com*. We make available, free of charge at the "Investor Relations" section of our website, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the 1934 Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Reports of beneficial ownership filed pursuant to Section 16(a) of the 1934 Exchange Act are also available on our web site. Information in, or that can be accessed through, our web site is not incorporated into this Form 10-K.

Executive Officers

The following sets forth the name, age and position of each of the persons who were serving as executive officers as of August 8, 2012. There are no family relationships among any of our executive officers.

Name	Age	Positions
Stephen J. Luczo	55	Chairman, President and Chief Executive Officer
Patrick J. O'Malley	50	Executive Vice President and Chief Financial Officer
Robert W. Whitmore	50	Executive Vice President and Chief Technology Officer
William D. Mosley	45	Executive Vice President, Operations
Albert A. "Rocky" Pimentel	56	Executive Vice President, Chief Sales and Marketing Officer
D. Kurt Richarz	51	Executive Vice President, Sales
Kenneth M. Massaroni	51	Executive Vice President, General Counsel and Chief Administrative Officer
David H. Morton Jr.	40	Vice President, Finance, Treasurer and Principal Accounting Officer

Stephen J. Luczo, Chairman, President and Chief Executive Officer. Mr. Luczo, 55, has served as President and CEO since January 2009, and continues to serve as Chairman of the Board. Mr. Luczo joined Seagate in October 1993 as Senior Vice President of Corporate Development. In September 1997, he was promoted to President and Chief Operating Officer of our predecessor, Seagate Technology, Inc. and, in July 1998, he was promoted to CEO at which time he joined the Board of Directors of Seagate Technology, Inc. He was appointed Chairman of the Board in 2002. Mr. Luczo resigned as CEO effective as of July 3, 2004, but retained his position as Chairman of the Board. He served as non-employee Chairman from October 2006 to January 2009. From October 2006 until he rejoined us in January 2009,

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Mr. Luczo was a private investor. Prior to joining Seagate in 1993, Mr. Luczo was Senior Managing Director of the Global Technology Group of Bear, Stearns & Co. Inc., an investment banking firm, from February 1992 to October 1993. Mr. Luczo was appointed to the board of directors of Microsoft Corporation in May 2012.

Patrick J. O'Malley, Executive Vice President and Chief Financial Officer. Mr. O'Malley, 50, has served as Executive Vice President and Chief Financial Officer since August 2008. Previously, he served as Senior Vice President, Finance from 2005 to August 2008, and assumed the additional roles of Principal Accounting Officer and Treasurer in 2006. Prior to that, he was Senior Vice President, Consumer Electronics from 2004 to 2005; Senior Vice President, Finance, Manufacturing from 1999 to 2004; Vice President, Finance-Recording Media from 1997 to 1999; Senior Director Finance, Desktop Design, from 1996 to 1997; Senior Director, Finance, Oklahoma City Operations from 1994 to 1996; Director/Manager, Corporate Financial Planning & Analysis from 1991 to 1994; Manager, Consolidations & Cost Accounting from 1990 to 1991; Manager, Consolidations from 1988 to 1990; and Senior Financial Analyst in 1988. Mr. O'Malley was appointed to the board of directors of E2open, Inc. in January 2012.

Robert W. Whitmore, Executive Vice President and Chief Technology Officer. Mr. Whitmore, 50, has been Executive Vice President and Chief Technology Officer since March 2011. Prior to that he was executive Vice President, Design and Operations from 2007 through March 2011; Executive Vice President, Product and Process Development from 2006 to 2007; Senior Vice President, Product and Process Development from 2004 to 2006; Senior Vice President, Product Development Engineering from 2002 to 2004; Vice President, Enterprise Storage Design Engineering from 1999 to 2002, Vice President and Executive Director, Twin Cities Manufacturing Operations from 1997 to 1999; Senior Director, Manufacturing Engineering, Singapore Operations from 1995 to 1997; and Senior Manager, Design Engineering, Twin Cities Division from 1992 to 1995.

William D. Mosley, Executive Vice President, Operations. Mr. Mosley, 45, has served as Executive Vice President, Operations since March 2011. Prior to that, he served as Executive Vice President, Sales and Marketing from September 2009 through March 2011; Executive Vice President, Sales, Marketing and Product Line Management from February 2009 to September 2009; Senior Vice President, Global Disk Storage Operations from 2007 to 2009; Vice President, Research and Development, Engineering from 2002 to 2007; Senior Director, Research and Development, Engineering from 2000 to 2002; Director, Research and Development, Engineering from 1998 to 2000; and Manager, Operations and Manufacturing from 1996 to 1998.

Albert A. "Rocky" Pimentel, Executive Vice President, Worldwide Sales and Marketing. Mr. Pimentel, 56, joined Seagate in April 2011. Mr. Pimentel was previously a director of Seagate from 2009 until his resignation from the Board of Directors on April 7, 2011. Mr. Pimentel served as Chief Operating Officer and Chief Financial Officer ("CFO") at McAfee, Inc., from 2008 until he retired in August 2010. He served as the Executive Vice President and CFO of Glu Mobile from 2004 to 2008. Prior to joining Glu Mobile, Mr. Pimentel served as Executive Vice President and CFO at Zone Labs from 2003 to 2004, which was acquired by Check Point Software in 2004. From 2001 to 2003, Mr. Pimentel was a partner with Redpoint Ventures. Mr. Pimentel also held the positions of Senior Vice President and CFO of WebTV Networks, which was acquired by Microsoft in 1997; from 1996 until 2001, Senior Vice President and CFO of LSI Logic Corporation from 1992 to 1996 and was part of the founding management team of Conner Peripherals, Inc., which was acquired by the Company in 1996.

D. Kurt Richarz, Executive Vice President, Sales and Marketing. Mr. Richarz, 51, joined Seagate in May 2006, when we acquired Maxtor Corporation. He has served as our Executive Vice President, Sales and Marketing since March 2011. Prior to that, he served as our Executive Vice President, Sales from May 2008 through March 2011; Executive Vice President, Sales and Customer Service Operations since from May 2006 to May 2008; Senior Vice President of Global OEM Sales from 2007 to 2008, and Vice President of Global OEM Sales from 2006 to 2007. At Maxtor Corporation, from 2002 to 2006, he served as Vice

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President, Global OEM Account Sales and Senior Vice President of Worldwide Sales. From 1990 to 2001, he served in various sales positions at Quantum Corporation.

Kenneth M. Massaroni, Executive Vice President, General Counsel and Chief Administrative Officer. Mr. Massaroni, 51, was appointed Executive Vice President, General Counsel and Chief Administrative Officer in July 2011. Prior to that, he served as Senior Vice President, General Counsel and Corporate Secretary from April 2008 through July 2011; Vice President and Acting General Counsel from December 2007 to April 2008; and Vice President of Intellectual Property from 2006 to December 2007. Prior to joining Seagate in 2006, Mr. Massaroni was vice president of law, deputy general counsel and assistant secretary at Scientific-Atlanta Inc. from 1997 to 2006. In addition, Mr. Massaroni has also held senior patent counsel positions at Motorola Inc. from 1993 to 1997, served as general counsel and secretary at Optical Imaging Systems, Inc. from 1990 to 1992 and as a patent attorney at Energy Conversion Devices Inc. from 1987 to 1990, and as an associate at the law firm of Collier, Shannon, Rill and Scott from 1992 to 1993.

David H. Morton Jr., Vice President, Finance, Treasurer and Principal Accounting Officer. Mr. Morton, 40, joined Seagate in 1995 and has served as our Vice President, Finance, Treasurer and Principal Accounting Officer since October 2009. Prior to that, he served as our Vice President of Finance, Sales and Marketing from March 2009 to October 2009; Vice President of Sales Operations from July 2007 to March 2009; Vice President of Finance, Storage Markets from October 2006 to July 2007; Executive Director of Consumer Electronics Finance from October 2005 to October 2006; and Executive Director of Corporate FP&A from June 2004 to October 2005. Prior to June 2004, Mr. Morton held a variety of progressively senior management positions within our finance organization.

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ITEM 1A. RISK FACTORS

Risks Related to our Business

Macroeconomic Conditions Changes in the macroeconomic environment have, and may continue to, negatively impact our results of operations.

Due to the continuing uncertainty about current macroeconomic conditions, we believe our customers may postpone spending in response to tighter credit, unemployment, negative financial news and/or declines in income or asset values, which could have a material adverse effect on the demand for our products. Other factors that could influence demand include conditions in the residential real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer spending behavior. These and other economic factors could have a material adverse effect on demand for our products and on our financial condition and operating results.

Competition Our industry is highly competitive and our products have experienced and will continue to experience significant price erosion and market share variability.

The disk drive industry is intensely competitive and vendors typically experience substantial price erosion over the life of a product. Our competitors have historically offered existing products at lower prices as part of a strategy to gain or retain market share and customers, and we expect these practices to continue. We will need to continually reduce our prices for existing products to retain our market share, which could adversely affect our results of operations.

We believe price erosion and market share variability will continue, as the industry engages in aggressive pricing actions targeted to shift customer demand to offset lower demand due to the deterioration in business and economic conditions.

Our ability to offset the effect of price erosion through new product introductions at higher average prices is diminished to the extent competitors introduce products into particular markets ahead of our similar, competing products. Our ability to offset the effect of price erosion is also diminished during times when product life cycles for particular products are extended, allowing competitors more time to enter the market.

Sales to distributors that serve producers of non-branded products in the personal storage sector may also contribute to increased price erosion. These customers generally have limited product qualification programs, which increases the number of competing products available to satisfy their demand. As a result, purchasing decisions for these customers are based largely on price and terms. Any increase in our average price erosion would have an adverse effect on our results of operations.

Additionally, a significant portion of our success in the past has been a result of increasing our market share at the expense of our competitors, particularly in enterprise markets. Market share for our products can be negatively affected by our customers' diversifying their sources of supply as our competitors enter the market for particular products, as well as by our ability to ramp volume production of new product offerings. When our competitors successfully introduce product offerings that are competitive with our recently introduced products, our customers may quickly diversify their sources of supply. Any significant decline in our market share in any of our principal market applications would adversely affect our results of operations.

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Principal Competitors   We compete with both an independent manufacturer, whose primary focus is producing technologically advanced disk drives, and a captive manufacturer, who does not depend solely on sales of disk drives to maintain its profitability.

We have experienced and expect to continue to experience intense competition from an independent disk drive manufacturer, and a captive manufacturer. The term "independent" in this context refers to manufacturers that primarily produce disk drives as a stand-alone product, such as Western Digital Corporation, and the term "captive" in this context refers to a manufacturer who through affiliated entities produces complete computer or other systems that contain disk drives or other electronic data storage products, such as Toshiba Corporation.

The captive manufacturer is a formidable competitor because it has the ability to determine pricing for complete systems without regard to the margins on individual components. As components other than disk drives generally contribute a greater portion of the operating margin on a complete computer system than do disk drives, the captive manufacturer does not necessarily need to realize a profit on the disk drives included in a complete computer system and, as a result, may be willing to sell disk drives to third parties at very low margins. The captive manufacturer is also a formidable competitor because it has more substantial resources than we do. To the extent we are not successful competing with the captive or independent disk drive manufacturers, our results of operations will be adversely affected.

In response to customer demand for high-quality, high-volume and low-cost disk drives, manufacturers of disk drives have had to develop large, and in some cases global, production facilities with highly developed technological capabilities and internal controls. The development of these large production facilities combined with industry consolidation can further increase the intensity of competition.

We also face indirect competition from present and potential customers who evaluate from time to time whether to manufacture their own disk drives or other electronic data storage products.

We also experience competition from other companies that produce alternative storage technologies like flash memory, where increasing capacity, decreasing cost, energy efficiency and improvements in performance ruggedness have resulted in competition with our lower capacity, smaller form factor disk drives. While this competition has traditionally been in the markets for handheld consumer electronics applications, these competitors have announced solid state drives (SSDs) for tablet, notebook and enterprise compute applications. Certain customers for both notebook and enterprise compute applications are evaluating and may adopt SSDs as alternatives to hard drives in certain applications.

Volatility of Quarterly Results   Our quarterly results of operations fluctuate, sometimes significantly, from period to period, and may cause our share price to decline.

In the past, our quarterly revenue and results of operations have fluctuated, sometimes significantly, from period to period. These fluctuations, which we expect to continue, may be occasioned by a variety of factors, including:

- current uncertainty in global economic conditions may pose a risk to the overall economy;
- adverse changes in the level of economic activity in the major regions in which we do business;
- competitive pressures resulting in lower selling prices by our competitors targeted to encourage shifting of customer demand;
- delays or problems in our introduction of new products, particularly new disk drives with lower cost structures, the inability to achieve high production yields or delays in customer qualification or initial product quality issues;
- changes in purchasing patterns by our distributor customers;

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- increased costs or adverse changes in availability of supplies of raw materials or components;
- the impact of corporate restructuring activities that we have and may continue to engage in;
- changes in the demand for the computer systems, storage subsystems and consumer electronics that contain our disk drives, due to seasonality, economic conditions and other factors;
- changes in purchases from period to period by our primary customers, particularly as our competitors are able to introduce and produce in volume competing disk drive solutions or alternative storage technology solutions, such as flash memory or SSDs;
- shifting trends in customer demand which, when combined with overproduction of particular products, particularly when the industry is served by multiple suppliers, results in unfavorable supply/demand imbalances;
- our high proportion of fixed costs, including research and development expenses;
- announcements of new products, services or technological innovations by us or our competitors; and
- adverse changes in the performance of our products.

As a result, we believe that quarter-to-quarter comparisons of our revenue and results of operations may not be meaningful, and that these comparisons may not be an accurate indicator of our future performance. Our results of operations in one or more future quarters may fail to meet the expectations of investment research analysts or investors, which could cause an immediate and significant decline in the trading price of our ordinary shares.

Difficulty in Predicting Quarterly Demand If we fail to predict demand accurately for our products in any quarter, we may not be able to recapture the cost of our investments.

The disk drive industry operates on quarterly purchasing cycles, with much of the order flow in any given quarter typically coming at the end of that quarter. Our manufacturing process requires us to make significant product-specific investments in inventory in each quarter for that quarter's production. Since we typically receive the bulk of our orders late in a quarter after we have made our investments, there is a risk that our orders will not be sufficient to allow us to recapture the costs of our investment before the products resulting from that investment have become obsolete. We cannot assure you that we will be able to accurately predict demand in the future.

The difficulty in forecasting demand also increases the difficulty in anticipating our inventory requirements, which may cause us to over-produce finished goods, resulting in inventory write-offs, or under-produce finished goods, affecting our ability to meet customer requirements. Additionally, the risk of inventory write-offs could increase if we were to continue to hold higher inventory levels. We cannot be certain that we will be able to recover the costs associated with increased inventory.

Other factors that may negatively impact our ability to recapture the cost of investments in any given quarter include:

- the impact of variable demand and an aggressive pricing environment for disk drives;
- the impact of competitive product announcements and possible excess industry supply both with respect to particular disk drive products and with respect to competing alternative storage technology solutions such as SSDs in tablet, notebook and enterprise compute applications;

our inability to reduce our fixed costs to match sales in any quarter because of our vertical manufacturing strategy, which means that we make more capital investments than we would if we were not vertically integrated;

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- dependence on our ability to successfully qualify, manufacture and sell in increasing volumes on a cost-effective basis and with acceptable quality our disk drive products, particularly the new disk drive products with lower cost structures;

- variations in the cost of components for our products, especially during periods when the U.S. dollar is relatively volatile as compared to other currencies;

- uncertainty in the amount of purchases from our distributor customers who from time to time constitute a large portion of our total sales;

- our product mix and the related margins of the various products;

- accelerated reduction in the price of our disk drives due to technological advances and/or an oversupply of disk drives in the market and shifting trends in demand which can create supply and demand imbalances;

- manufacturing delays or interruptions, particularly at our manufacturing facilities in China, Malaysia, Northern Ireland, Singapore, Thailand or the United States;

- limited access to components that we obtain from a single or a limited number of suppliers;

- the impact of changes in foreign currency exchange rates on the cost of producing our products and the effective price of our products to foreign consumers; and

- operational issues arising out of the increasingly automated nature of our manufacturing processes.

New Product Offerings Market acceptance of new product introductions cannot be accurately predicted, and our results of operations will suffer if there is less demand for our new products than is anticipated.

We are continually developing new products with the goal that we will be able to introduce technologically advanced and lower cost disk drives into the marketplace ahead of our competitors.

The success of our new product introductions is dependent on a number of factors, including market acceptance, our ability to manage the risks associated with product transitions, the effective management of inventory levels in line with anticipated product demand and the risk that our new products will have quality problems or other defects in the early stages of introduction that were not anticipated in the design of those products. Accordingly, we cannot accurately determine the ultimate effect that our new products will have on our results of operations.

In addition, the success of our new product introductions is dependent upon our ability to qualify as a primary source of supply with our OEM customers. In order for our products to be considered by our customers for qualification, we must be among the leaders in time-to-market with those new products. Once a product is accepted for qualification testing, any failure or delay in the qualification process or a requirement that we requalify can result in our losing sales to that customer until new products are introduced. The limited number of high-volume OEMs magnifies the effect of missing a product qualification opportunity. These risks are further magnified because we expect competitive pressures to result in declining sales, eroding prices, and declining gross margins on our current generation products. We cannot assure that we will be among the leaders in time-to-market with new products or that we will be able to successfully qualify new products with our customers in the future.

If we cannot successfully deliver competitive products, our future results of operations may be adversely affected.

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Smaller Form Factor Products If we do not continue to successfully market smaller form factor products, our business may suffer.

The disk drive industry is experiencing significant increases in sales of smaller form factor disk drives or other electronic data storage technologies for an expanding number of applications, in particular notebook computers and consumer electronic devices, but also in personal computers and enterprise storage applications. Our future success will depend on our ability to develop and introduce smaller form factor products at desired price and capacity points faster than our competitors.

We have experienced competition from other companies that produce alternative storage technologies like solid state or flash memory, where increased capacity, improving cost, energy efficiency and performance ruggedness have resulted in flash memory largely replacing disk drives in handheld applications. We believe that the demand for disk drives to store or back up related media content from such handheld devices, however, continues to grow. While this competition has traditionally been limited to the markets for handheld consumer electronics applications, these competitors have announced SSDs for tablet, notebook and enterprise compute applications.

If we do not suitably adapt our product offerings to successfully introduce additional smaller form factor disk drives or alternative storage products based on flash storage technology, or if our competitors are successful in achieving customer acceptance of SSD products for tablet, notebook and enterprise compute applications, then our customers may decrease the amounts of our products that they purchase, which would adversely affect our results of operations.

Dependence on Supply of Components, Equipment and Raw Materials If we experience shortages or delays in the receipt of, or cost increases in, critical components, equipment or raw materials necessary to manufacture our products, we may suffer lower operating margins, production delays and other material adverse effects.

The cost, quality and supply of components, certain equipment and raw materials used to manufacture disk drives and key components like recording media and heads are critical to our success. The equipment we use to manufacture our products and components is frequently custom made and comes from a few suppliers and the lead times required to obtain manufacturing equipment can be significant. Particularly important components for disk drives include read/write heads, aluminum or glass substrates for recording media, ASICs, spindle motors, printed circuit boards, and suspension assemblies. We rely on sole suppliers or a limited number of suppliers for some of these components that we do not manufacture, including aluminum and glass substrates, read/write heads, ASICs, spindle motors, printed circuit boards, and suspension assemblies. Many of such component suppliers are geographically concentrated, in particular, in Thailand, which makes our supply chain more vulnerable to regional disruptions such as the recent flooding in Thailand, which has had a material impact on the production and availability of many components. If our vendors for these components are unable to meet our cost, quality, and supply requirements, we could experience a shortage in supply or an increase in production costs, which would adversely affect our results of operations.

Certain rare earth elements are critical in the manufacture of our products. We purchase components that contain rare earth elements from a number of countries, including the People's Republic of China. We cannot predict whether any nation will impose regulations, quotas or embargoes upon the rare earth elements incorporated into our products that would restrict the worldwide supply of such metals or increase their cost. We have experienced increased costs and production delays when we were unable to obtain the necessary equipment or sufficient quantities of some components, and/or have been forced to pay higher prices or make volume purchase commitments or advance deposits for some components, equipment or raw materials that were in short supply in the industry in general. If any major supplier were to restrict the supply available to us or increase the cost of the rare earth elements used in our products, we could experience a shortage in supply or an increase in production costs, which would adversely affect our results of operations.

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Consolidation among component manufacturers may result in some component manufacturers exiting the industry or not making sufficient investments in research to develop new components.

If there is a shortage of, or delay in supplying us with, critical components, equipment or raw materials, then:

- it is likely that our suppliers would raise their prices and, if we could not pass these price increases to our customers, our operating margin would decline;

- we might have to reengineer some products, which would likely cause production and shipment delays, make the reengineered products more costly and provide us with a lower rate of return on these products;

- we would likely have to allocate the components we receive to certain of our products and ship less of others, which could reduce our revenues and could cause us to lose sales to customers who could purchase more of their required products from manufacturers that either did not experience these shortages or delays or that made different allocations; and

- we might be late in shipping products, causing potential customers to make purchases from our competitors, thus causing our revenue and operating margin to decline.

We cannot assure you that we will be able to obtain critical components in a timely and economic manner.

Importance of Time-to-Maturity Our results of operations may depend on our being among the first-to-maturity with new product offerings and achieving sufficient production volume with our new products.

To achieve consistent success with our OEM customers, it is important that we be an early provider of new types of disk drives featuring leading, high-quality technology and lower per gigabyte storage cost. Historically, our results of operations have substantially depended upon our ability to be among the first-to-maturity with new product offerings. Our market share and results of operations in the future may be adversely affected if we fail to:

- consistently maintain our time-to-maturity performance with our new products;

- produce these products in sufficient volume;

- qualify these products with key customers on a timely basis by meeting our customers' performance and quality specifications; or

- achieve acceptable manufacturing yields, quality and costs with these products.

If the delivery of our products is delayed, our OEM customers may use our competitors' products to meet their production requirements. If the delay of our products causes delivery of those OEMs' computer systems into which our products are integrated to be delayed, consumers and businesses may purchase comparable products from the OEMs' competitors.

We face the related risk that consumers and businesses may wait to make their purchases if they want to buy a new product that has been shipped or announced but not yet released. If this were to occur, we may be unable to sell our existing inventory of products that may be less efficient and cost effective compared to new products. As a result, even if we are among the first-to-maturity with a given product, subsequent introductions or announcements by our competitors of new products could cause us to lose revenue and not achieve a positive return on our investment in existing products and inventory.

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Industry Demand Poor global economic conditions and changes in demand for computer systems and storage subsystems may cause in the future a decline in demand for our products.

Our disk drives are components in computers, computer systems, storage subsystems and consumer electronics devices. The demand for these products has been volatile. During times of poor global economic conditions, consumer spending tends to decline and retail demand for personal computers and consumer electronics devices tends to decrease, as does enterprise demand for computer systems and storage subsystems. Moreover, unexpected slowdowns in demand for computer systems, storage subsystems or consumer electronics devices generally cause sharp declines in demand for disk drive products. The decline in consumer spending could have a material adverse effect on demand for our products and services and on our financial condition and results of operations.

Additional causes of declines in demand for our products in the past have included announcements or introductions of major new operating systems or semiconductor improvements or changes in consumer preferences, such as the shift from desktop to notebook computers. We believe these announcements and introductions have from time to time caused consumers to defer their purchases and made inventory obsolete. Whenever an oversupply of disk drives causes participants in our industry to have higher than anticipated inventory levels, we experience even more intense price competition from other disk drive manufacturers than usual.

Dependence on Distributors   We are dependent on sales to distributors and retailers, which may increase price erosion and the volatility of our sales.

A substantial portion of our sales has been to distributors of disk drive products. Certain of our distributors may also market other products that compete with our products. Product qualification programs in this distribution channel are limited, which increases the number of competing products that are available to satisfy demand, particularly in times of lengthening product cycles. As a result, purchasing decisions in this channel are based largely on price, terms and product availability. Sales volumes through this channel are also less predictable and subject to greater volatility than sales to our OEM customers. In addition, deterioration in business and economic conditions could exacerbate price erosion and volatility as distributors lower prices to compensate for lower demand and higher inventory levels. Our distributors' ability to access credit for purposes of funding their operations may also affect purchases of our products by these customers.

If distributors reduce their purchases of our products or prices decline significantly in the distribution channel or if distributors experience financial difficulties or terminate their relationships with us, our revenues and results of operations would be adversely affected.

Dependence on Key Customers   We may be adversely affected by the loss of, or reduced, delayed or cancelled purchases by, one or more of our larger customers.

Some of our key customers, including Hewlett-Packard Company and Dell Inc., account for a large portion of our disk drive revenue. While we have longstanding relationships with many of our customers, if any of our key customers were to significantly reduce their purchases from us, our results of operations would be adversely affected. While sales to major customers may vary from period to period, a major customer that permanently discontinues or significantly reduces its relationship with us could be difficult to replace. In line with industry practice, new customers usually require that we pass a lengthy and rigorous qualification process at the customer's cost. Accordingly, it may be difficult or costly for us to attract new major customers. Additionally, mergers, acquisitions, consolidations or other significant transactions involving our customers generally entail risks to our business. If a significant transaction involving any of our key customers results in the loss of or reduction in purchases by these key customers, it could have a materially adverse effect on our business, results of operations, financial condition and prospects.

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Dependence on Sales of Disk Drives in Client Non-Compute Applications Our sales of disk drives for client non-compute applications, which have contributed significant revenues to our results, can experience significant volatility due to seasonal and other factors, which could materially adversely impact our future results of operations.

Sales of disk drives for client non-compute applications have contributed significant revenues to our results. Consumer spending on client non-compute has, and may continue to, deteriorate in many countries and regions, due to poor global economic conditions and high levels of unemployment. This could have a material adverse effect on demand for our products and services and on our financial condition and results of operations.

In addition, the demand for client non-compute products can be even more volatile and unpredictable than the demand for client compute products. In some cases, our products manufactured for client non-compute applications are uniquely configured for a single customer's application, which creates a risk of unwanted and unsellable inventory if the anticipated volumes are not realized. This potential for unpredictable volatility is increased by the possibility of competing alternative storage technologies like flash memory meeting the customers' cost and capacity metrics, resulting in a rapid shift in demand from our products and disk drive technology, generally, to alternative storage technologies. Unpredictable fluctuations in demand for our products or rapid shifts in demand from our products to alternative storage technologies in new client non-compute applications could materially adversely impact our future results of operations.

Dependence on Sales of Disk Drives Directly to Consumers Through Retail Outlets Our sales of disk drives directly to consumers through retail outlets can experience significant volatility due to seasonal and other factors, which could materially adversely impact our future results of operations.

We believe that industry demand for storage products in the long-term is increasing due to the proliferation of media-rich digital content in consumer applications and is fueling increased consumer demand for storage. This has led to the expansion of solutions such as external storage products to provide additional storage capacity and to secure data in case of disaster or system failure, or to provide independent storage solutions for multiple users in home or small business environments. Consumer spending on retail sales of our branded solutions has deteriorated in some markets and may continue to do so if poor global economic conditions continue and higher levels of unemployment persist. This could have a material adverse effect on demand for our products and services and on our financial condition and results of operations.

In addition, such retail sales of our branded solutions traditionally experience seasonal variability in demand with higher levels of demand in the first half of our fiscal year driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter. Additionally, our ability to reach such consumers depends on our maintaining effective working relationships with major retailers and distributors. Failure to anticipate consumer demand for our branded solutions as well as an inability to maintain effective working relationships with retail and online distributors may adversely impact our future results of operations.

Importance of Controlling Operating Costs If we do not control our operating expenses, we will not be able to compete effectively in our industry.

Our strategy involves, to a substantial degree, increasing revenue and product volume while at the same time controlling operating expenses. If we do not control our operating expenses, our ability to compete in the marketplace may be impaired. In the past, activities to reduce operating costs have included closures and transfers of facilities, significant personnel reductions and efforts to increase automation. The reduction of personnel and closure of facilities may adversely affect our ability to manufacture our products in required volumes to meet customer demand and may result in other disruptions that affect our products and customer service.

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Impairment Charges We may be required to record additional impairment charges for goodwill and/or other long-lived assets.

We are required to assess goodwill annually for impairment, or on an interim basis whenever events occur or circumstances change, such as an adverse change in business climate or a decline in the overall industry, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We are also required to test other long-lived assets, including acquired intangible assets and property, equipment and leasehold improvements, for recoverability and impairment whenever there are indicators of impairment, such as an adverse change in business climate.

Adverse changes in business conditions could materially impact our estimates of future operations and result in impairment charges to our goodwill or other long lived assets. If our goodwill or other long-lived assets were to become impaired, our results of operations could be materially and adversely affected.

Impact of Technological Change Increases in the areal density of disk drives may outpace customers' demand for storage capacity.

The rate of increase in areal density, or storage capacity per square inch on a disk, may be greater than the increase in our customers' demand for aggregate storage capacity, particularly in certain market applications like client compute. As a result, our customers' storage capacity needs may be satisfied with lower priced, low capacity disk drives. These factors could decrease our sales, especially when combined with continued price erosion, which could adversely affect our results of operations.

Changes in Electronic Data Storage Products Future changes in the nature of electronic data storage products may reduce demand for traditional disk drive products.

We expect that in the future, new personal computing devices and products will be developed, some of which, such as Internet appliances, tablet or mobile phones with advanced capabilities, or smartphones, may not contain a disk drive. While we are investing development resources in designing disk drives for these new applications, these new applications may have an impact on future demand for disk drive products. Products using alternative technologies, such as flash memory and other storage technologies, are becoming increasingly common and could become a significant source of competition to particular applications of our products, which could adversely affect our results of operations.

New Product Development and Technological Change If we do not develop products in time to keep pace with technological changes, our results of operations will be adversely affected.

Our customers have demanded new generations of disk drive products as advances in computer hardware and software have created the need for improved storage products, with features such as increased storage capacity, improved performance and reliability and lower cost. We, and our competitors, have developed improved products, and we will need to continue to do so in the future. Such product development requires significant investments in research and development. We cannot assure you that we will be able to successfully complete the design or introduction of new products in a timely manner, that we will be able to manufacture new products in sufficient volumes with acceptable manufacturing yields, that we will be able to successfully market these new products or that these products will perform to specifications on a long-term basis. In addition, the impact of slowing areal density growth may adversely impact our ability to be successful.

When we develop new products with higher capacity and more advanced technology, our results of operations may decline because the increased difficulty and complexity associated with producing these products increases the likelihood of reliability, quality or operability problems. If our products suffer increases in failures, are of low quality or are not reliable, customers may reduce their purchases of our products and our manufacturing rework and scrap costs and service and warranty costs may increase. In

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addition, a decline in the reliability of our products may make us less competitive as compared with other disk drive manufacturers or competing technologies.

Substantial Leverage Our substantial leverage may place us at a competitive disadvantage in our industry.

We are leveraged and have significant debt service obligations. Our significant debt and debt service requirements could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities. For example, our high level of debt presents the following risks:

- we are required to use a substantial portion of our cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances, and other general corporate requirements;
- our substantial leverage increases our vulnerability to economic downturns and adverse competitive and industry conditions and could place us at a competitive disadvantage compared to those of our competitors that are less leveraged;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and our industry and could limit our ability to pursue other business opportunities, borrow more money for operations or capital in the future and implement our business strategies;
- our level of debt may restrict us from raising additional financing on satisfactory terms to fund working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances, and other general corporate requirements; and
- covenants in our debt instruments limit our ability to pay future dividends or make other restricted payments and investments.

In the event that we need to refinance all or a portion of our outstanding debt as it matures, we may not be able to obtain terms as favorable as the terms of our existing debt or refinance our existing debt at all. If prevailing interest rates or other factors existing at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to the refinanced debt would increase. Furthermore, if any rating agency changes our credit rating or outlook, our debt and equity securities could be negatively affected, which could adversely affect our ability to refinance existing debt or raise additional capital.

Significant Debt Service Requirements Servicing our debt requires a significant amount of cash and our ability to generate cash may be affected by factors beyond our control.

Our business may not generate cash flow in an amount sufficient to enable us to pay the principal of, or interest on, our indebtedness or to fund our other liquidity needs, including working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances and other general corporate requirements.

Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that:

- our business will generate sufficient cash flow from operations;
- we will continue to realize the cost savings, revenue growth and operating improvements that result from the execution of our long-term strategic plan; or
- future sources of funding will be available to us in amounts sufficient to enable us to fund our liquidity needs.

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If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures; product development efforts, strategic acquisitions, investments and alliances, and other general corporate requirements. We cannot assure you that any of these remedies could, if necessary, be effected on commercially reasonable terms, or at all, or that they would permit us to meet our scheduled debt service obligations. In addition if we incur additional debt, the risks associated with our substantial leverage, including the risk that we will be unable to service our debt or generate enough cash flow to fund our liquidity needs, could intensify.

Restrictions Imposed by Debt Covenants Restrictions imposed by our senior secured revolving credit facility and the indenture governing our 10% Senior Secured Second-Priority Notes due 2014 may limit our ability to finance future operations or capital needs or engage in other business activities that may be in our interest.

Our senior secured revolving credit facility and the indenture governing our 10% Senior Secured Second-Priority Notes due 2014 (the "10% Notes") impose, and the terms of any future debt may impose, operating and other restrictions on us. Subject to qualifications and exceptions, our senior secured revolving credit facility and such indenture limit, among other things, our ability to:

- incur additional indebtedness and issue certain preferred shares;
- create liens;
- pay dividends or make distributions in respect of our capital stock;
- redeem or repurchase capital stock or debt;
- make certain investments or other restricted payments;
- sell assets;
- issue or sell capital stock of subsidiaries;
- enter into transactions with affiliates;
- engage to any material extent in business other than our current business; and
- effect a consolidation or merger.

The credit agreement that governs our senior secured revolving credit facility contains certain covenants that we must satisfy in order to remain in compliance with the credit agreement, including three financial covenants: (1) minimum cash, cash equivalents and short-term investments; (2) a fixed charge coverage ratio; and (3) a net leverage ratio. A breach of any of the covenants in our debt agreements, including our inability to comply with the required financial ratios, could result in a default under our senior secured revolving credit facility. If a condition of default occurs, and we are not able to obtain a waiver from the lenders holding a majority of the commitments under our senior secured revolving credit facility, the administrative agent of our senior secured revolving credit facility may, and at the request of lenders holding a majority of the commitments shall, declare all of our outstanding obligations under our senior secured revolving credit facility, together with accrued interest and other fees, to be immediately due and payable, and may terminate the lenders' commitments thereunder, cease making further loans and, if we cannot repay our outstanding obligation, institute foreclosure proceedings against our assets. If our outstanding indebtedness were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that debt and any potential future indebtedness, which would cause the market price of our ordinary shares to decline significantly. We could also be forced into bankruptcy or liquidation.

In addition, some of the agreements governing our other debt instruments contain cross-default provisions that may be triggered by a default under our senior secured revolving credit facility. In the event that we default under our senior secured revolving credit facility, there could be an event of default under cross-default provisions for the applicable debt instrument. As a result, all outstanding obligations under

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certain of our debt instruments may become immediately due and payable. If such acceleration were to occur, we may not have adequate funds to satisfy all of our outstanding obligations, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Substantially all of our Assets are Pledged as Collateral to Secure Certain Indebtedness Since substantially all of our assets are used to secure portions of our existing debt obligations, we may be limited in our ability to incur additional indebtedness or to provide additional credit support, and if we fail to meet our payment or other obligations under certain of our existing debt obligations, the lenders thereunder could foreclose on, and acquire control of, substantially all of our assets.

Substantially all our assets and the assets of our significant subsidiaries organized in the United States, the Cayman Islands, the Netherlands, Northern Ireland and Singapore, as well as certain assets located in the United States, the Cayman Islands, the Netherlands, Northern Ireland and Singapore owned by other significant subsidiaries, and all proceeds therefrom, are pledged as security for borrowings under our 10% Notes, as well as obligations under our hedging agreements, cash management arrangements and certain metal leasing arrangements. Since substantially all of our assets are used to secure portions of our existing debt obligations, we have a limited amount of collateral that is available for future secured debt or credit support. As a result, we may be limited in our ability to incur additional indebtedness or to provide additional credit support for our existing indebtedness. In addition, our failure to comply with the terms of the indenture governing our 10% Notes would entitle the lenders thereunder to declare all funds borrowed thereunder to be immediately due and payable. If we were unable to meet these payment obligations, the lenders could foreclose on, and acquire control of, substantially all our assets that serve as collateral.

Failure to Pay Quarterly Dividends Our failure to pay quarterly dividends to our shareholders could cause the market price of our ordinary shares to decline significantly.

Our ability to pay quarterly dividends will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, and other factors. Any reduction or discontinuation of quarterly dividends could cause the market price of our ordinary shares to decline significantly. Moreover, in the event our payment of quarterly dividends is reduced or discontinued, our failure or inability to resume paying dividends at historical levels could result in a persistently low market valuation of our ordinary shares.

Purchase Commitments to Certain Suppliers If revenues fall or customer demand decreases significantly, we may not meet all of our purchase commitments to certain suppliers.

From time to time, we enter into long-term, non-cancelable purchase commitments with certain suppliers in order to secure certain components for the production of our products or to supplement our internal manufacturing capacity for certain components. If our actual revenues in the future are lower than our projections or if customer demand decreases significantly below our projections, we may not meet all of our purchase commitments with these suppliers. As a result, it is possible that we will have to shift output from our internal manufacturing facilities to these suppliers or make penalty-type payments under these contracts.

Risks Associated with Future Strategic Alliances, Joint Ventures or Investments We may not be able to identify suitable strategic alliances, acquisitions, joint ventures or investment opportunities, or successfully acquire and integrate companies that provide complementary products or technologies.

Our growth strategy may involve pursuing strategic alliances with, making acquisitions of, forming joint ventures with or making investments in other companies that are complementary to our business. There is substantial competition for attractive strategic alliance, acquisition, joint venture and investment candidates. Accordingly, we may not be able to identify suitable strategic alliances, acquisition, joint venture, or investment candidates. Even if we can identify them, we cannot assure you that we will be able to partner with, acquire or invest in suitable candidates, or integrate acquired technologies or operations successfully into our existing technologies and operations. Moreover, our ability to finance potential strategic alliances, acquisitions, joint ventures or investments will be limited by our high degree of leverage, the covenants contained in the indentures that govern our outstanding indebtedness, and any agreements governing any other debt we may incur.

If we are successful in forming strategic alliances or acquiring, forming joint ventures or making investments in other companies, any of these transactions may have an adverse effect on our results of operations, particularly while the operations of an acquired business are being integrated. It is also likely that integration of acquired companies would lead to the loss of key employees from those companies or the loss of customers of those companies. In addition, the integration of any acquired companies would require substantial attention from our senior management, which may limit the amount of time available to be devoted to our day-to-day operations or to the execution of our strategy. Growth by strategic alliance, acquisition, joint venture or investment involves an even higher degree of risk to the extent we combine new product offerings and enter new markets in which we have limited experience, and no assurance can be given that acquisitions of entities with new or alternative business models will be successfully integrated or achieve their stated objectives.

Furthermore, the expansion of our business involves the risk that we might not manage our growth effectively, that we would incur additional debt to finance these acquisitions or investments, that we may have impairment of goodwill or acquired intangible assets associated with these acquisitions and that we would incur substantial charges relating to the write-off of in-process research and development, similar to that which we incurred in connection with several of our prior acquisitions. Each of these items could have a material adverse effect on our financial condition and results of operations.

In addition, we could issue additional ordinary shares in connection with future strategic alliances, acquisitions, joint ventures or investments. Issuing shares in connection with such transactions would have the effect of diluting your ownership percentage of the ordinary shares and could cause the price of our ordinary shares to decline.

Risk of Intellectual Property Litigation   Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

We cannot be certain that our products do not and will not infringe issued patents or other intellectual property rights of others. We may not be aware of currently filed patent applications that relate to our products or technology. If patents are later issued on these applications, we may be liable for infringement. We may be subject to legal proceedings and claims, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties by us, or our customers, in connection with their use of our products.

We are currently subject to lawsuits involving intellectual property claims which could cause us to incur significant additional costs or prevent us from selling our products, and which could adversely affect our results of operations and financial condition.

Intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business. In addition, intellectual property lawsuits are subject to inherent uncertainties due to the complexity of the technical issues involved, and we cannot assure you that we will be successful in defending ourselves against intellectual property claims. Patent litigation has increased due to the current uncertainty of the law and the increasing competition and overlap of product functionality in the field. If we were to discover that our products infringe the intellectual property rights of others, we would need to obtain licenses from these parties or substantially reengineer our products in order to avoid infringement. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer our products successfully.

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Moreover, if we are sued for patent infringement and lose the suit, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products, which could adversely affect our results of operations and financial condition. See Part II, "Item 8. Financial Statements and Supplementary Data-Note 14, Legal, Environmental and Other Contingencies" of this Annual Report on Form 10-K for a description of pending intellectual property proceedings.

Cyber Attacks, System Failures and Breaches We could suffer a loss of revenue and increased costs, exposure to significant liability, reputational harm, and other serious negative consequences if we sustain cyber attacks or other data security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us or our customers or other third-parties.

Our operations are dependent upon our ability to protect our computer equipment and the electronic data stored in our databases from damage by, among other things, earthquake, fire, natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, employee misconduct, physical or electronic break-ins, or similar events or disruptions. We manage and store various proprietary information and sensitive or confidential data relating to our operations. In addition, our outsourcing services and cloud computing businesses routinely process, store, and transmit large amounts of data for our customers and vendors, including sensitive and personally identifiable information. As our operations become more automated and increasingly interdependent, our exposure to the risks posed by these types of events will increase. We may also be subject to breaches of the information technology systems we use for these purposes information technology system failures and network disruptions. Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third-parties, create system disruptions, or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system.

The costs to us to eliminate or address the foregoing security problems and security vulnerabilities before or after a cyber incident could be significant. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Our remediation efforts may not be successful and could result in interruptions, delays, or cessation of service, and loss of existing or potential customers that may impede our sales, manufacturing, distribution, or other critical functions. We could lose existing or potential customers for outsourcing services or other information technology solutions in connection with any actual or perceived security vulnerabilities in our products. In addition, breaches of our security measures and the unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers or other third-parties, could expose us, our vendors and customers, or other third-parties affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation, or otherwise harm our business. In addition, we rely in certain limited capacities on third-party data management providers whose possible security problems and security vulnerabilities may have similar effects on us.

We are subject to laws, rules, and regulations in the U.S. and other countries relating to the collection, use, and security of user data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify vendors, customers or employees of a data security breach. We have incurred, and will continue to incur, significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations.

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Economic Risks Associated with International Operations Our international operations subject us to risks related to currency exchange fluctuations, longer payment cycles for sales in foreign countries, seasonality and disruptions in foreign markets, tariffs and duties, price controls, potential adverse tax consequences, increased costs, our customers' credit and access to capital and health-related risks.

We have significant operations in foreign countries, including manufacturing facilities, sales personnel and customer support operations. We have manufacturing facilities in China, Malaysia, Northern Ireland, Singapore and Thailand, in addition to those in the United States. A substantial portion of our client compute disk drive assembly occurs in our facility in China.

Our international operations are subject to economic risks inherent in doing business in foreign countries, including the following:

Disruptions in Foreign Markets. Disruptions in financial markets and the deterioration of the underlying economic conditions in the past in some countries, including those in Asia, have had an impact on our sales to customers located in, or whose end-user customers are located in, these countries.

Fluctuations in Currency Exchange Rates. Prices for our products are denominated predominately in U.S. dollars, even when sold to customers that are located outside the United States. Currency instability in Asia and other geographic markets may make our products more expensive than products sold by other manufacturers that are priced in the local currency. Moreover, many of the costs associated with our operations located outside the United States are denominated in local currencies. As a consequence, the increased strength of local currencies against the U.S. dollar in countries where we have foreign operations would result in higher effective operating costs and, potentially, reduced earnings. From time to time, fluctuations in foreign exchange rates have negatively affected our operations and profitability and there can be no assurance that these fluctuations will not adversely affect our operations and profitability in the future.

Longer Payment Cycles. Our customers outside of the United States are often allowed longer time periods for payment than our U.S. customers. This increases the risk of nonpayment due to the possibility that the financial condition of particular customers may worsen during the course of the payment period.

Seasonality. Seasonal reductions in the business activities of our customers during the summer months, particularly in Europe, typically result in lower earnings during those periods.

Tariffs, Duties, Limitations on Trade and Price Controls. Our international operations are affected by limitations on imports, currency exchange control regulations, transfer pricing regulations, price controls and other restraints on trade. In addition, the governments of many countries, including China, Malaysia, Northern Ireland, Singapore and Thailand, in which we have significant operating assets, have exercised and continue to exercise significant influence over many aspects of their domestic economies and international trade.

Potential Adverse Tax Consequences. Our international operations create a risk of potential adverse tax consequences, including imposition of withholding or other taxes on payments by subsidiaries.

Increased Costs. The shipping and transportation costs associated with our international operations are typically higher than those associated with our U.S. operations, resulting in decreased operating margins in some foreign countries.

Credit and Access to Capital Risks. Our international customers could have reduced access to working capital due to higher interest rates, reduced bank lending resulting from contractions in the money supply or the deterioration in the customer's or its bank's financial condition, or the inability to access other financing.

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Global Health Outbreaks. The occurrence of a pandemic disease may adversely impact our operations, and some of our key customers. Such diseases could also potentially disrupt the timeliness and reliability of the distribution network we rely on.

Political Risks Associated with International Operations Our international operations subject us to risks related to political unrest and terrorism.

We have manufacturing facilities in parts of the world that periodically experience political unrest. This could disrupt our ability to manufacture important components as well as cause interruptions and/or delays in our ability to ship components to other locations for continued manufacture and assembly. Any such delays or interruptions could result in delays in our ability to fill orders and have an adverse effect on our results of operations and financial condition. U.S. and international responses to the ongoing hostilities in various regions and the risk of terrorist attacks or hostilities elsewhere in the world could exacerbate these risks.

Legal and Operational Risks Associated with International Operations Our international operations subject us to risks related to staffing and management, legal and regulatory requirements and the protection of intellectual property.

Operating outside of the United States creates difficulties associated with staffing and managing our international manufacturing facilities, complying with local legal and regulatory requirements and protecting our intellectual property. We cannot assure you that we will continue to be found to be operating in compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which we may be subject. We also cannot assure you that these laws will not be modified.

Dependence on Key Personnel The loss of key executive officers and employees could negatively impact our business prospects.

Our future performance depends to a significant degree upon the continued service of key members of management as well as marketing, sales and product development personnel. The loss of one or more of our key personnel may have a material adverse effect on our business, results of operations and financial condition. We believe our future success will also depend in large part upon our ability to attract, retain and further motivate highly skilled management, marketing, sales and product development personnel. We have experienced intense competition for personnel, and we cannot assure you that we will be able to retain our key employees or that we will be successful in attracting, assimilating and retaining personnel in the future.

Securities Litigation Significant fluctuations in the market price of our ordinary shares could result in securities class action claims against us.

Significant price and value fluctuations have occurred with respect to the publicly traded securities of disk drive companies and technology companies generally. The price of our ordinary shares is likely to be volatile in the future. In the past, following periods of decline in the market price of a company's securities, class action lawsuits have often been pursued against that company. If similar litigation were pursued against us, it could result in substantial costs and a diversion of management's attention and resources, which could materially adversely affect our results of operations, financial condition and liquidity.

Global Credit and Financial Market Conditions Deterioration in global credit and financial market conditions could negatively impact the value of our current portfolio of cash equivalents, short-term investments or auction rate securities and our ability to meet our financing objectives.

Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. Our short-term investments consist primarily of readily marketable debt securities with remaining maturities of more than 90 days at the time of purchase. Our investment policy has as its principal objectives the preservation of principal and maintenance of liquidity. We mitigate default risk by investing in high-quality investment grade securities, limiting the time to maturity and by monitoring the counter-parties and underlying obligors closely.

While as of the date of this filing, we are not aware of any other material downgrades, losses, or other significant deterioration in the fair value of our cash equivalents or short-term investments or auction rate securities since June 29, 2012, no assurance can be given that further deterioration in conditions of the global credit and financial markets would not negatively impact our current portfolio of cash equivalents, short-term investments or auction rate securities or our ability to meet our financing objectives.

Environmental Regulations Failure to comply with applicable environmental laws and regulations could have a material adverse effect on our business, results of operations and financial condition.

The sale and manufacturing of products in certain states and countries may subject us to environmental and other regulations including, in some instances, the responsibility for environmentally safe disposal or recycling. For example, the EU has enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment directive, which prohibits the use of certain substances in electronic equipment, and the Waste Electrical and Electronic Equipment directive, which obligates parties that place electrical and electronic equipment onto the market in the EU to put a clearly identifiable mark on the equipment, register with and report to EU member countries regarding distribution of the equipment, and provide a mechanism to take-back and properly dispose of the equipment. Similar legislation may be enacted in other locations where we manufacture or sell our products. Although we do not anticipate any material adverse effects based on the nature of our operations and the focus of such legislation, we will need to ensure that we comply with these laws and regulations as they are enacted and that our suppliers also comply with these laws and regulations. If we fail to timely comply with the legislation, our customers may refuse to purchase our products, which would have a material adverse effect on our business, results of operations and financial condition. In addition, if we were found to be in violation of these laws or noncompliance with these initiatives or standards of conduct, we could be subject to governmental fines, liability to our customers and damage to our reputation, which would also have a material adverse effect on our business, results of operations and financial condition.

Seasonality Because we experience seasonality in the sales of our products, our results of operations will generally be adversely impacted during the second half of our fiscal year.

Sales of computer systems, storage subsystems and consumer electronics tend to be seasonal, and therefore we expect to continue to experience seasonality in our business as we respond to variations in our customers' demand for disk drives. In particular, we anticipate that sales of our products will continue to be lower during the second half of our fiscal year. In the client compute and client non-compute market applications of our business, this seasonality is partially attributable to the historical trend in our results derived from our customers' increased sales of desktop computers, notebook computers, and consumer electronics during the back-to-school and winter holiday season. In the enterprise market our sales are seasonal because of the capital budgeting and purchasing cycles of our end users. Since our working capital needs peak during periods in which we are increasing production in anticipation of orders that have not yet been received, our results of operations will fluctuate seasonally even if the forecasted demand for our products proves accurate. Furthermore, it is difficult for us to evaluate the degree to which this seasonality may affect our business in future periods because of the rate and unpredictability of product transitions

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and new product introductions, particularly in the client non-compute market, as well as macroeconomic conditions.

Volatile Public Markets The price of our ordinary shares may be volatile and could decline significantly.

The stock market, in general, and the market for technology stocks in particular, has recently experienced volatility that has often been unrelated to the operating performance of companies. If these market or industry-based fluctuations continue, the trading price of our ordinary shares could decline significantly independent of our actual operating performance, and you could lose all or a substantial part of your investment. The market price of our ordinary shares could fluctuate significantly in response to several factors, including among others:

- general uncertainty in stock market conditions occasioned by global economic conditions, negative financial news and the continued instability of several large financial institutions;
- actual or anticipated variations in our results of operations;
- announcements of innovations, new products or significant price reductions by us or our competitors, including those competitors who offer alternative storage technology solutions;
- our failure to meet the performance estimates of investment research analysts;
- the timing of announcements by us or our competitors of significant contracts or acquisitions;
- general stock market conditions;
- the occurrence of major catastrophic events;
- changes in financial estimates by investment research analysts;
- changes in the credit ratings of our indebtedness by rating agencies; and
- the sale of our ordinary shares held by certain equity investors or members of management.

Political events, war, terrorism, natural disasters, public health issues and other circumstances could materially adversely affect our results of operations and financial condition.

War, terrorism, geopolitical uncertainties, natural disasters, public health issues, and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on our business, our suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters such as floods and earthquakes, fire, power shortages, terrorist attacks, other hostile acts, labor disputes, public health issues, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive components from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster, losses and significant recovery time could be required to resume operations and our financial condition and operating results could be materially adversely affected. Should major public health issues, including pandemics, arise, we could be negatively affected by stringent employee travel restrictions, additional limitations in freight services, governmental actions limiting the movement of products between regions, delays in production ramps of new products, and disruptions in our operations and some of our key customers. Recently, the hard disk drive component supply chain has been significantly disrupted as a result of severe flooding in Thailand, but our component and drive assembly factories in Thailand were not directly affected by the flood, and continue to be fully operational. The industry's ability to manufacture and ship drives has continued to recover through the end of the fiscal year and we believe total shipments in the industry were approximately 600 million units compared, to 657 million units during fiscal year 2011.

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If we do not realize the expected benefits of our Strategic Alignment with Samsung, our business and financial condition may be materially impaired.

We may not achieve the desired benefits from our strategic alignment with Samsung. If we cannot successfully integrate the business we acquired from Samsung into our operations, we may experience negative consequences to our business, financial condition or results of operations.

Even if we are able to successfully integrate the business that we acquired from Samsung into our business, we may not be able to realize the cost savings, synergies and growth that we anticipate from this transaction in the timeframe we currently expect, and the costs of achieving these benefits may be higher than we currently expect, because of a number of risks, including but not limited to:

- The possibility that the transaction may not further our business strategy as we expected;
- Our operating results or financial condition may be adversely impacted by liabilities that we assume in the transaction; and
- The risk of intellectual property disputes with respect to the acquired assets.

In addition, the Chinese Ministry of Commerce conditioned its approval of the Samsung acquisition on our compliance with several on-going requirements, including: adopting measures to keep the Samsung HDD brand as a separate competitor to the Seagate HDD brand, expanding the Samsung HDD production capacity within six months of the decision, and investing at least $800 million per year for three years in R&D in our combined Samsung and Seagate HDD businesses. Compliance with these obligations may involve significant costs or require changes in business practices that result in reduced revenue. Noncompliance could result in extending the time under which we would be compelled to operate under these conditions.

As a result of these risks, the transaction may not contribute to our earnings as we expected, we may not achieve expected cost synergies when expected, or at all, and we may not achieve the other anticipated strategic and financial benefits of this transaction.

Our ability to use our net operating loss and tax credit carryforwards might be limited.

At June 29, 2012, the use of approximately $346 million and $90 million of our U.S. net operating loss and tax credit carryforwards, respectively, is subject to an aggregate annual limitation of $45 million pursuant to U.S. tax law. To the extent these net operating loss and tax credit carryforwards are available, we intend to use them to reduce the corporate income tax liability associated with our operations in the U.S. Section 382 of the U.S. Internal Revenue Code generally imposes an annual limitation on the amount of net operating loss or tax credit carryforwards that might be used to offset taxable income when a corporation has undergone significant changes in ownership. As a result, future changes in ownership, such as changes in ownership resulting from future repurchases of our ordinary shares, could put limitations on the availability of our net operating loss or tax credit carryforwards. If certain ownership changes occur in the foreseeable future, there may be an additional annual limitation on our ability to use our total U.S. federal and state net operating loss and credit carryforwards of $2.7 billion, $1.8 billion, and $363 million, respectively. If these ownership changes were to occur, we estimate a one-time charge for additional U.S. income tax expense of approximately $400 to $500 million may be recorded in the period such change occurs. This additional income tax expense results from a decrease in our net U.S. deferred tax assets recorded through a combination of the write off of deferred tax assets and associated changes to our valuation allowance. We also estimate that the ensuing additional annual limitation on our ability to use tax attribute carryovers may result in increased U.S. income tax expense associated with such change of approximately $50 to $75 million each year.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

Our company headquarters are located in Ireland, while our U.S. executive offices are located in Cupertino, California. Our principal manufacturing facilities are located in China, Malaysia, Northern Ireland, Singapore, Thailand and Minnesota. Our principal product development facilities are located in California, Colorado, Minnesota, Singapore and South Korea. Our leased facilities are occupied under leases that expire at various times through 2023.

Our material manufacturing, product development and marketing and administrative facilities at June 29, 2012 are as follows:

Location	Building(s) Owned or Leased	Approximate Square Footage	Use
United States			
California	Owned/Leased	448,000	Product development and marketing and administrative
Colorado	Owned	528,000	Product development
Minnesota	Owned/Leased	1,085,000	Manufacture of recording heads and product development
Oklahoma	Owned/Leased	145,000	Administrative
Europe			
Northern Ireland			
Springtown	Owned	479,000	Manufacture of recording heads
Asia			
China			
Suzhou	Owned(1)	1,048,000	Manufacture of drives
Wuxi	Leased	563,000	Manufacture of drives and drive subassemblies
Malaysia			
Johor	Owned(1)	631,000	Manufacture of substrates and administrative
Penang	Owned(1)	390,000	Manufacture of drive subassemblies and administrative
Singapore			
Woodlands	Owned(1)	1,404,000	Manufacture of media and administrative
Ang Mo Kio	Leased	258,000	Manufacturing support, product development and administrative
Science Park	Leased	110,000	Product development
Thailand			
Korat	Owned	1,560,000	Manufacture of drives and drive subassemblies and administrative
Teparuk	Owned	362,000	Manufacture of drive subassemblies and administrative
Korea			
Suwon	Leased	145,000	Product development

(1) Land leases for these facilities expire at varying dates through 2067.

As of June 29, 2012, we owned or leased a total of approximately 10.9 million square feet of space worldwide. We occupied approximately 6.7 million square feet for the purpose of manufacturing, 1.4 million square feet for product development, 1.4 million square feet for marketing and administrative purposes and subleased 0.4 million square feet. Included in the 10.9 million square feet of owned or leased space is a total of 1.0 million square feet that is currently unoccupied, primarily as a result of site closures at our facilities in Longmont, Colorado and Ang Mo Kio (AMK), Singapore. We believe that our existing properties are in good operating condition and are suitable and adequate for the operations for which they are used. As of June 29, 2012, all of our material manufacturing facilities are operating at normal utilization levels and none of our manufacturing facilities are experiencing significant underutilization.

ITEM 3. LEGAL PROCEEDINGS

See Item 8. Financial Statements and Supplementary Data Note 14, Legal, Environmental, and Other Contingencies.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our shares trade on the NASDAQ Global Select Market under the symbol "STX." The high and low sales prices of our shares, as reported by the NASDAQ Global Select Market, are set forth below for the periods indicated.

	Price Range	
Fiscal Quarter	**High**	**Low**
Quarter ended October 1, 2010	$ 15.28	$ 9.84
Quarter ended December 31, 2010	$ 15.66	$ 11.29
Quarter ended April 1, 2011	$ 15.33	$ 12.26
Quarter ended July 1, 2011	$ 18.35	$ 14.14
Quarter ended September 30, 2011	$ 17.17	$ 9.96
Quarter ended December 30, 2011	$ 18.60	$ 9.05
Quarter ended March 30, 2012	$ 28.63	$ 16.21
Quarter ended June 29, 2012	$ 32.55	$ 21.62

As of July 30, 2012 there were approximately 1,167 holders of record of our ordinary shares. We did not sell any of our equity securities during fiscal year 2012 that were not registered under the Securities Act of 1933, as amended.

Performance Graph

The performance graph below shows the cumulative total shareholder return on our ordinary shares for the period from June 29, 2007 to June 29, 2012. This is compared with the cumulative total return of the Dow Jones US Computer Hardware Index and the Standard & Poor's 500 Stock Index over the same period. The graph assumes that on June 29, 2007, $100 was invested in our ordinary shares and $100 was invested in each of the other two indices, with dividends reinvested on the date of payment without payment of any commissions. Dollar amounts in the graph are rounded to the nearest whole dollar. The performance shown in the graph represents past performance and should not be considered an indication of future performance.

COMPARISON OF 60 MONTH
CUMULATIVE TOTAL RETURN*
Among Seagate Technology, The S&P 500 Index
And The Dow Jones US Computer Hardware Index

	6/29/2007	6/27/2008	7/3/2009	7/2/2010	7/1/2011	7/1/2012
Seagate Technology	100.00	91.15	50.15	64.24	80.68	127.58
S&P 500	100.00	85.04	59.63	68.02	89.11	90.61
Dow Jones US Computer Hardware	100.00	100.67	80.22	114.01	145.84	191.47

* $100 invested on 6/29/07 in stock and in index, including reinvestment of dividends.

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Dividends

Our ability to pay dividends in the future will be subject to, among other things, general business conditions within the disk drive industry, our financial results, the impact of paying dividends on our credit ratings and legal and contractual restrictions on the payment of dividends by our subsidiaries to us or by us to our ordinary shareholders, including restrictions imposed by covenants in our debt instruments.

In fiscal year 2011, we reinstated our dividend policy. The following were dividends paid in the last two fiscal years:

Record Date	Paid Date	Dividend per Share
May 2, 2011	June 1, 2011	$ 0.18
August 5, 2011	August 26, 2011	$ 0.18
November 3, 2011	November 18, 2011	$ 0.18
February 15, 2012	March 1, 2012	$ 0.25
May 2, 2012	May 17, 2012	$ 0.25

From the closing of our initial public offering in December 2002 through 2012, we have paid dividends, pursuant to our dividend policy then in effect, totaling approximately $1.4 billion in the aggregate.

Repurchases of Our Equity Securities

On January 27, 2010, our Board of Directors authorized an Anti-Dilution Share Repurchase Program, which was publicly announced on February 1, 2010. The repurchase program authorized us to repurchase our shares to offset increases in diluted shares, such as those caused by employee stock plans and convertible debt, used in the determination of diluted net income per share. There was no minimum or maximum number of shares to be repurchased under the program. The Board of Directors authorized the Company to terminate the January 2010 Anti-Dilution Share Repurchase Program, which was so terminated effective April 26, 2012.

On November 29, 2010, our Board of Directors authorized the repurchase of up to an additional $2 billion of our outstanding ordinary shares.

On January 25, 2012, our Board of Directors authorized the repurchase of up to an additional $1 billion of our outstanding ordinary shares.

On April 26, 2012, the Board of Directors authorized the Company to repurchase an additional $2.5 billion of its outstanding ordinary shares.

All repurchases are effected as redemptions in accordance with the Company's Articles of Association.

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The following table sets forth information with respect to all repurchases of our shares made during fiscal quarter ended June 29, 2012:

Period (In millions, except average price paid per share)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares Purchased Under the Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Through 3rd Quarter of Fiscal Year 2012	145.4	$ 17.90	145.4	$ 2,603	$ 1,286
March 31, 2012 through April 27, 2012[(1)]	11.2	27.02	11.2	302	3,484
April 28, 2012 through May 25, 2012	21.3	30.20	21.3	642	2,842
May 26, 2012 through June 29, 2012	12.1	23.59	12.1	285	2,557
Through 4th Quarter of Fiscal Year 2012	190.0	$ 20.18	190.0	$ 3,832	$ 2,557

(1) Increase in Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs due to authorization of an additional $2.5 billion of repurchases by the Board of Directors on April 26, 2012.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes thereto included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, which are incorporated herein by reference, to fully understand factors that may affect the comparability of the information presented below.

The Consolidated Statements of Operations data for the fiscal years ended June 29, 2012, July 1, 2011 and July 2, 2010, and the Consolidated Balance Sheet data at June 29, 2012 and July 1, 2011, are derived from our audited Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K. The Consolidated Statements of Operations data for the fiscal years ended July 3, 2009 and June 27, 2008, and the Consolidated Balance Sheet data at July 2, 2010, July 3, 2009 and June 27, 2008, are derived from our audited Consolidated Financial Statements that are not included in this Annual Report on Form 10-K.

	Fiscal Years Ended				
(Dollars in millions, except per share data)	June 29, 2012	July 1, 2011	July 2, 2010	July 3, 2009[1]	June 27, 2008
Revenue	$ 14,939	$ 10,971	$ 11,395	$ 9,805	$ 12,708
Gross margin	4,684	2,146	3,204	1,410	3,205
Income (loss) from operations	3,108	806	1,740	(2,665)	1,376
Net income (loss)	2,862	511	1,609	(3,125)	1,251
Total assets	10,106	9,225	8,247	7,087	10,150
Total debt	2,863	3,512	2,502	2,697	1,978
Shareholders' equity	$ 3,497	$ 2,463	$ 2,724	$ 1,554	$ 4,667
Net income (loss) per share:					
Basic	$ 6.72	$ 1.13	$ 3.28	$ (6.40)	$ 2.44
Diluted	6.49	1.09	3.14	(6.40)	2.33
Number of shares used in per share computations:					
Basic	426	451	491	488	512
Diluted	441	467	514	488	538
Cash dividends declared per share	$ 0.86	$ 0.18	$	$ 0.27	$ 0.42

(1) Includes the effect of a $2.3 billion impairment of goodwill and other long-lived assets.

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Supplementary Financial Data (Unaudited)

Quarterly Data

The Company operated and reported financial results based on 13-week quarters in fiscal years 2012 and 2011, which ended on the Friday closest to September 30, December 30, March 30, and June 30.

	Fiscal Year 2012 Quarters Ended			
(In millions, except per share data)	**September 30, 2011**	**December 30, 2011**	**March 30, 2012**	**June 29, 2012**
Revenue	$ 2,811	$ 3,195	$ 4,450	$ 4,482
Gross margin	549	1,010	1,641	1,484
Income from operations	236	605	1,210	1,057
Net income	140	563	1,146	1,013
Net income per share:				
Basic	$ 0.33	$ 1.32	$ 2.57	$ 2.46
Diluted	0.32	1.28	2.48	2.37

	Fiscal Year 2011 Quarters Ended			
(In millions, except per share data)	**October 1, 2010**	**December 31, 2010**	**April 1, 2011**	**July 1, 2011**
Revenue	$ 2,697	$ 2,719	$ 2,695	$ 2,859
Gross margin	550	529	516	551
Income from operations	231	206	179	190
Net income	149	150	93	119
Net income per share:				
Basic	$ 0.32	$ 0.32	$ 0.21	$ 0.28
Diluted	0.31	0.31	0.21	0.27

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition and results of operations for the fiscal years ended June 29, 2012, July 1, 2011, and July 2, 2010. References to "$" are to United States dollars.

You should read this discussion in conjunction with "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data" included elsewhere in this Annual Report on Form 10-K. Except as noted, references to any fiscal year mean the twelve-month period ending on the Friday closest to June 30 of that year.

Some of the statements and assumptions included in this Annual Report on Form 10-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or 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 year ending June 28, 2013 and beyond. These statements identify prospective information and include words such as "expects," "plans," "anticipates," "believes," "estimates," "predicts," "projects," and similar expressions. These forward-looking statements are based on information available to us as of the date of this Annual Report on Form 10-K 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 our control and may pose a risk to our operating and financial condition. Such risks and uncertainties include, but are not limited to: uncertainty in global economic conditions, as consumers and businesses may defer purchases in response to tighter credit and financial news; the impact of variable demand and the adverse pricing environment for disk drives, particularly in view of current business and economic conditions; dependence on our ability to successfully qualify, manufacture and sell our 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 and possible excess industry supply with respect to particular disk drive products; our ability to achieve projected cost savings in connection with restructuring plans; the risk that we will incur significant incremental costs in connection with the implementation of our recently executed transactions with Samsung or that we will not achieve the benefits expected from such transactions (see Transaction with Samsung below); and significant disruption to the industry supply chain due to the severe flooding throughout parts of Thailand (see the discussion regarding the severe flooding in Thailand below) and the industry's ability to recover from such disruption. Information concerning risks, uncertainties and other factors that could cause results to differ materially from those projected in the forward-looking statements is also set forth in "Item 1A.Risk Factors" of this Annual Report on Form 10-K, which we encourage you to carefully read. These forward-looking statements should not be relied upon as representing our views as of any subsequent date and we undertake no obligation to update forward-looking statements to reflect events or circumstances after the date they were made. The following is a discussion of the financial condition and results of operations for the fiscal years ended June 29, 2012, July 1, 2011, and July 2, 2010.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

Our Company. Discussion of our business.

Business Overview. Discussion of industry trends and their impact on our business.

Fiscal Year 2012 Summary. Overview of financial and other highlights affecting us for fiscal year 2012.

Results of Operations. Analysis of our financial results comparing fiscal years 2012 to 2011 and comparing fiscal years 2011 to 2010.

Liquidity and Capital Resources. An analysis of changes in our balance sheets and cash flows, and discussion of our financial condition including the credit quality of our investment portfolio and potential sources of liquidity.

Contractual Obligations and Off-Balance-Sheet Arrangements. Overview of contractual obligations and contingent liabilities and commitments outstanding as of June 29, 2012 and an explanation of off-balance-sheet arrangements.

Critical Accounting Estimates. Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.

Our Company

We are a leading provider of electronic data storage products. Our principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. Hard disk drives are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. Disk drives continue to be the primary medium of mass data storage due to their performance attributes, high quality, cost effectiveness and energy efficiencies.

We produce a broad range of electronic data storage products addressing enterprise applications, where our products are designed for enterprise servers, mainframes and workstations; client compute applications, where our products are designed for desktop and notebook computers; and client non-compute applications, where our products are designed for a wide variety of end user devices such as digital video recorders (DVRs), gaming consoles, personal data backup systems, portable external storage systems and digital media systems. In addition to manufacturing and selling disk drives, we provide data storage services for small- to medium-sized businesses, including online backup, data protection and recovery solutions.

Business Overview

Our industry is characterized by several trends and factors that have a material impact on our strategic planning, financial condition and results of operations.

Industry Supply Balance

From time to time the industry has experienced periods of imbalance between supply and demand. To the extent that the disk drive industry builds capacity based on expectations of demand that do not materialize, price erosion may become more pronounced. Conversely, during periods where demand exceeds supply, price erosion is generally muted.

In early October 2011, floodwaters north of Bangkok, Thailand inundated many manufacturing industrial parks that contained a number of the factories supporting the HDD industry's supply chain. The HDD industry had concentrated a large portion of its supply chain participants within these industrial parks in an effort to reduce cost and improve logistics. As a result, the inundation of floodwaters into these industrial parks had caused the closure or suspension of production by a number of participants within the HDD supply chain.

During the supply chain disruption in fiscal year 2012, we believe demand exceeded supply due to the impact from the flooding in Thailand, resulting in an increase in the average selling price ("ASP"). The industry's ability to manufacture and ship drives has continued to recover through the end of the fiscal year and we believe total shipments in the industry were approximately 600 million units, compared to

657 million units during fiscal year 2011. As of June 29, 2012, we believe that the HDD industry's component supply chain has substantially recovered.

Demand Trends for Disk Drives.

We believe that continued growth in digital content requires increasingly higher storage capacity in order to store, aggregate, host, distribute, manage, backup and use such content, which we believe will continue to result in increased demand for disk drive products. In addition, we believe the continued increased demand for electronic data storage, in developed countries as well as in emerging economies, reflects the demand for real-time access to rich data and content driven by the impact of a highly mobile and increasingly connected user base. We believe these trends will continue as computing architectures evolve to serve the growing commercial and consumer user base throughout the world.

We believe that in the foreseeable future the traditional enterprise and client compute markets that require high capacity storage solutions, as well as the data intensive client non-compute markets, will continue to be best served by hard disk drives based on the industry's ability to deliver cost effective, reliable and energy efficient mass storage devices. Furthermore, the increased use of client non-compute devices that consume media rich content streamed from the cloud increases the demand for high capacity disk drives in nearline applications.

Price Erosion. Our industry has been characterized by price declines for disk drive products with comparable capacity, performance and feature sets ("like-for-like products"). Price declines for like-for-like products ("price erosion") are more pronounced during periods of:

- economic contraction or industry consolidation in which competitors may use discounted pricing to attempt to maintain or gain market share;
- few new product introductions when competitors have comparable or alternative product offerings; and
- industry supply exceeding demand.

Disk drive manufacturers typically attempt to offset price erosion with an improved mix of disk drive products characterized by higher capacity, better performance and additional feature sets and/or product cost reductions.

Seasonality

The disk drive industry traditionally experiences seasonal variability in demand with higher levels of demand in the second half of the calendar year. This seasonality is driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter. In addition, corporate demand is typically higher during the second half of the calendar year.

Fiscal Year 2012 Summary

Revenues for fiscal year 2012 were $14.9 billion which represented a 36% increase in revenues from $11.0 billion in the prior fiscal year. Gross margin as a percentage of revenue increased to 31% from 20% in the prior fiscal year.

Transaction with Samsung

On December 19, 2011, we completed the acquisition of Samsung's HDD business pursuant to an asset purchase agreement ("APA") entered into on April 19, 2011, by which the Company acquired certain assets and liabilities of Samsung relating to the research and development, manufacture and sale of HDDs. The transaction and related agreements are expected to improve our position as a supplier of 2.5-inch products; position us to better address rapidly evolving opportunities in markets including, but not limited

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to, mobile computing, cloud computing and solid state storage; expand our customer access in China and Southeast Asia; and accelerate time to market for new products.

The December 19, 2011 acquisition-date fair value of the consideration transferred to Samsung totaled $1.1 billion, which consisted of 45.2 million of our ordinary shares and $571 million in cash. The operations of Samsung's HDD business are included in our results from the date of acquisition.

Results of Operations

The following table summarizes information from our consolidated statements of operations by dollars and as a percentage of revenue:

	Fiscal Years Ended		
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Revenue	$ 14,939	$ 10,971	$ 11,395
Cost of revenue	10,255	8,825	8,191
Gross margin	4,684	2,146	3,204
Product development	1,006	875	877
Marketing and administrative	528	445	437
Amortization of intangibles	38	2	27
Restructuring and other, net	4	18	66
Impairment of other long-lived assets, net of recoveries			57
Income from operations	3,108	806	1,740
Other expense, net	(226)	(227)	(171)
Income before income taxes	2,882	579	1,569
Provision for (benefit from) income taxes	20	68	(40)
Net income	$ 2,862	$ 511	$ 1,609

	Fiscal Years Ended		
(as a percentage of Revenue)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Revenue	100%	100%	100%
Cost of revenue	69	80	72
Gross margin	31	20	28
Product development	7	8	8
Marketing and administrative	4	4	4
Amortization of intangibles			
Restructuring and other, net			1
Impairment of other long-lived assets, net of recoveries			
Income from operations	21	7	15
Other expense, net	(2)	(2)	(1)
Income before income taxes	19	5	14
Provision for income taxes		1	
Net income	19%	5%	14%

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The following table summarizes information regarding volume shipments, average selling prices (ASPs) and revenues by channel and geography:

	Fiscal Years Ended		
(In millions, except percentages and ASPs)	June 29, 2012	July 1, 2011	July 2, 2010
Net Revenue	$ 14,939	$ 10,971	$ 11,395
Unit Shipments:			
Enterprise	29	29	25
Client Compute	156	132	135
Client Non-Compute	39	38	33
Total Units Shipped	224	199	193
Industry Units Shipped	600	658	633
ASP (per unit)	$ 66	$ 54	$ 58
Revenues by Channel (%)			
OEM	72%	69%	71%
Distributors	21%	22%	21%
Retail	7%	9%	8%
Revenues by Geography (%)			
Americas	26%	29%	26%
EMEA	19%	20%	22%
Asia Pacific	55%	51%	52%

Fiscal Year 2012 Compared to Fiscal Year 2011

Revenue

	Fiscal Years Ended			
(Dollars in millions)	June 29, 2012	July 1, 2011	Change	% Change
Revenue	$ 14,939	$ 10,971	$ 3,968	36%

Revenue in fiscal year 2012 increased approximately 36%, or $4.0 billion, from fiscal year 2011 due primarily to an increase in average selling price per unit and in total units shipped. Units shipped in fiscal year 2012 increased 13%, or 25 million units, from fiscal year 2011. The increase in the average selling price to $66 per unit during fiscal year 2012, as compared to $54 per unit in the prior year, was primarily due to the limited industry supply of hard drives resulting from the severe flooding in Thailand.

Gross Margin

	Fiscal Years Ended			
(Dollars in millions)	June 29, 2012	July 1, 2011	Change	% Change
Cost of revenue	$ 10,255	$ 8,825	$ 1,430	16%
Gross margin	$ 4,684	$ 2,146	$ 2,538	118%
Gross margin percentage	31%	20%		

For fiscal year 2012, gross margin as a percentage of revenue increased to 31% from 20% in the prior fiscal year, primarily due to the increased selling price per unit throughout most of fiscal year 2012.

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Operating Expenses

	Fiscal Years Ended			
(Dollars in millions)	June 29, 2012	July 1, 2011	Change	% Change
Product development	$ 1,006	$ 875	$ 131	15%
Marketing and administrative	528	445	83	19%
Amortization of intangibles	38	2	36	1,800%
Restructuring and other, net	4	18	(14)	(78)%
Operating expenses	$ 1,576	$ 1,340	$ 236	

Product Development Expense. Product development expenses for fiscal year 2012 increased from fiscal year 2011, primarily reflecting an increase in variable performance-based compensation and the integration of the HDD business acquired from Samsung.

Marketing and Administrative Expense. The increase in Marketing and administrative expenses for fiscal year 2012 compared to fiscal year 2011 was primarily due to an increase in variable performance-based compensation and integration of the HDD business acquired from Samsung.

Amortization of Intangibles. Amortization of intangibles for fiscal year 2012 increased as a result of the acquisition of certain intangible assets from Samsung's HDD business.

Restructuring and Other, net. Restructuring and other, net for fiscal years 2012 and 2011, were not material and primarily related to previously announced restructuring plans.

Other Income (Expense), net

	Fiscal Years Ended			
(Dollars in millions)	June 29, 2012	July 1, 2011	Change	% Change
Other expense, net	$ (226)	$ (227)	$ 1	%

Other expense, net for fiscal year 2012 compared to fiscal year 2011 was relatively flat, and included an increase in interest expense resulting from higher average debt balances, substantially offset by gains on foreign currency remeasurement.

Income Taxes

	Fiscal Years Ended			
(Dollars in millions)	June 29, 2012	July 1, 2011	Change	% Change
Provision for (benefit from) income taxes	$ 20	$ 68	$ (48)	(71)%

We recorded an income tax provision of $20 million for fiscal year 2012 compared to an income tax provision of $68 million for fiscal year 2011. Our fiscal year 2012 provision for income taxes included $35 million of income tax benefit from the reversal of a portion of the U.S. valuation allowance recorded in prior periods. Our fiscal year 2011 provision for income taxes included non-U.S. income taxes recorded for increases in income tax reserves for non-U.S. income tax positions taken in prior fiscal years, partially offset by tax benefits recorded for the release of income tax reserves associated with settlements of income tax audits and the expiration of certain statutes of limitation.

Our Irish tax resident parent holding company owns various U.S. and non-U.S. subsidiaries that operate in multiple non-Irish tax jurisdictions. Our worldwide operating income is either subject to varying rates of tax or is exempt from tax due to tax holidays or tax incentive programs we operate under in Malaysia, Singapore and Thailand. These tax holidays or incentives are scheduled to expire in whole or in part at various dates through 2020.

Our income tax provision recorded for fiscal year 2012 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes, primarily due to the net effect of (i) tax benefits related to non-U.S. earnings generated in jurisdictions that are subject to tax holidays or tax incentive programs and are considered indefinitely reinvested outside of Ireland, and (ii) a decrease in valuation allowance for certain U.S. deferred tax assets. The acquisition of Samsung's HDD business did not have a significant impact on our effective tax rate in fiscal year 2012. Our income taxes provision recorded for the comparative fiscal year ended July 1, 2011 differed the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes primarily due to the net effect of (i) tax benefits related to non-U.S. earnings generated in jurisdictions that are subject to tax holidays or tax incentive programs and are considered indefinitely reinvested outside of Ireland, (ii) income tax expense related to intercompany transactions, (iii) a decrease in valuation allowance for certain deferred tax assets, and (iv) non-U.S. losses with no tax benefit.

Based on our non-U.S. ownership structure and subject to (i) potential future increases in our valuation allowance for deferred tax assets; and (ii) a future change in our intention to indefinitely reinvest earnings from our subsidiaries outside of Ireland, we anticipate that our effective tax rate in future periods will generally be less than the Irish statutory rate.

At June 29, 2012, our deferred tax asset valuation allowance was approximately $1.1 billion.

At June 29, 2012, we had net deferred tax assets of $490 million. The realization of these deferred tax assets is primarily dependent on our ability to generate sufficient U.S. and certain non-U.S. taxable income in future periods. Although realization is not assured, we believe that it is more likely than not that these deferred tax assets will be realized. The amount of deferred tax assets considered realizable, however, may increase or decrease in subsequent periods when we re-evaluate the underlying basis for our estimates of future U.S. and certain non-U.S. taxable income.

At June 29, 2012, the use of approximately $346 million and $90 million of our U.S. net operating loss and tax credit carryforwards, respectively, is subject to an aggregate annual limitation of $45 million pursuant to U.S. tax law. If certain ownership changes occur in the foreseeable future, there may be an additional annual limitation on our ability to use our total U.S. federal and state net operating loss and credit carryforwards of $2.7 billion, $1.8 billion, and $363 million, respectively. It is reasonably possible that such a change could occur. If these ownership changes were to occur, we estimate a one-time charge for additional U.S. income tax expense of approximately $400 to $500 million may be recorded in the period such change occurs. This additional income tax expense results from a decrease in our net U.S. deferred tax assets recorded through a combination of the write off of deferred tax assets and associated changes to our valuation allowance. We also estimate that the ensuing additional annual limitation on our ability to use tax attribute carryovers may result in increased U.S. income tax expense associated with such change of approximately $50 to $75 million each year.

As of June 29, 2012 and July 1, 2011, we had approximately $135 million and $128 million, respectively, of unrecognized tax benefits excluding interest and penalties. The unrecognized tax benefits that, if recognized, would impact the effective tax rate is $135 million and $128 million as of June 29, 2012 and July 1, 2011, respectively, subject to certain future valuation allowance reversals.

It is our policy to include interest and penalties related to unrecognized tax benefits in the provision for taxes on the Consolidated Statements of Operations. During fiscal year 2012, we recognized a net tax expense for interest and penalties of $2 million as compared to a net tax expense for interest and penalties of less than $1 million and a net tax benefit of $1 million during fiscal year 2011 and fiscal year 2010,

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respectively. As of June 29, 2012, we had $17 million of accrued interest and penalties related to unrecognized tax benefits compared to $15 million in fiscal year 2011.

During the fiscal year ended June 29, 2012, our unrecognized tax benefits excluding interest and penalties increased by approximately $7 million primarily due to (i) increases in current year unrecognized tax benefits of $13 million, (ii) net reductions in prior year unrecognized tax benefits of $2 million, (iii) reductions associated with the expiration of certain statutes of limitation of $3 million, (iv) reductions from other activity, including non-U.S. exchange gains, of $1 million.

During the 12 months beginning June 30, 2012, we expect to reduce our unrecognized tax benefits by approximately $5 million as a result of the expiration of certain statutes of limitation. We do not believe it is reasonably possible that other unrecognized tax benefits will materially change in the next 12 months.

We are subject to taxation in many jurisdictions globally and are required to file U.S. federal, U.S. state, and non-U.S income tax returns. In May 2011, the U.S. Internal Revenue Service (IRS) completed its field examination of our U.S. federal income tax returns for fiscal years ending in 2005 through 2007. The IRS issued a Revenue Agent's Report and proposed certain adjustments. We are currently contesting one of these proposed adjustments through the IRS Appeals Office. We believe that the resolution of this disputed issue will have no material impact on our financial statements.

With respect to U.S. state and non-U.S. income tax returns, we are generally no longer subject to tax examinations for years prior to fiscal year 2004. We are also no longer subject to tax examination of U.S. federal income tax returns for years prior to fiscal year 2005.

Fiscal Year 2011 Compared to Fiscal Year 2010

Revenue

(Dollars in millions)	Fiscal Years Ended July 1, 2011	Fiscal Years Ended July 2, 2010	Change	% Change
Revenue	$ 10,971	$ 11,395	$ (424)	(4)%

Revenue in fiscal year 2011 decreased approximately 4%, or $424 million, from fiscal year 2010. Units shipped increased 3% or 6 million units from fiscal year 2010. This decrease in revenue was due to the cumulative effect of the competitive pricing environment the industry experienced, partially offset by industry-wide supply constraints.

Sales programs recorded as contra revenue were approximately 8% and 6% of our gross revenue for fiscal years 2011 and 2010, respectively.

Gross Margin

(Dollars in millions)	Fiscal Years Ended July 1, 2011	Fiscal Years Ended July 2, 2010	Change	% Change
Cost of revenue	$ 8,825	$ 8,191	$ 634	8%
Gross margin	$ 2,146	$ 3,204	$ (1,058)	(33)%
Gross margin percentage	20%	28%		

For fiscal year 2011, gross margin as a percentage of revenue decreased to 20% from 28% in the prior fiscal year, primarily due to price erosion. In addition, gross margin was negatively impacted by delays in ramping to maturity for new products, which unfavorably affected our manufacturing yields.

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Operating Expenses

(Dollars in millions)	July 1, 2011	July 2, 2010	Change	% Change
	Fiscal Years Ended			
Product development	$ 875	$ 877	$ (2)	%
Marketing and administrative	445	437	8	2%
Amortization of intangibles	2	27	(25)	(93)%
Restructuring and other, net	18	66	(48)	(73)%
Impairment of other long-lived assets, net of recoveries		57	(57)	(100)%
Operating expenses	$ 1,340	$ 1,464	$ (124)	

Product Development Expense. Product development expenses for fiscal year 2011 were relatively flat from fiscal year 2010, reflecting a decrease in variable performance-based compensation, offset by an increase in spending for new programs and a decrease in research grants.

Marketing and Administrative Expense. The increase in Marketing and administrative expenses for fiscal year 2011 compared to fiscal year 2010 was due primarily to an increase related to Samsung acquisition expenses and litigation related expenses. This was offset by a reduction in total compensation expenses, primarily variable performance-based compensation.

Amortization of Intangibles. Amortization of intangibles for fiscal year 2011 decreased from fiscal year 2010 as certain intangibles relating to the MetaLINCS, Inc. were fully amortized during 2011.

Restructuring and Other, net. During fiscal year 2011, the recorded restructuring and other charges were primarily associated with previously announced restructuring activities. Restructuring and Other, net during 2010 included a charge for our AMK restructuring plan announced in August 2009 and a charge related to our Pittsburgh, Pennsylvania facility.

Impairment of Other Long-Lived Assets, net of Recoveries. During fiscal year 2011, we did not record any impairment charge related to our long-lived assets, and in 2010 we recorded an impairment charge to adjust the carrying value of certain assets held for sale to their estimated fair value, less cost to sell.

Other Income (Expense), net

(Dollars in millions)	July 1, 2011	July 2, 2010	Change	% Change
	Fiscal Years Ended			
Other income (expense), net	$ (227)	$ (171)	$ (56)	33%

The change in Other expense, net for fiscal year 2011 compared to fiscal year 2010 was primarily due to an increase in interest expense resulting from higher average debt balances and $24 million in losses related to the redemption of debt.

Income Taxes

(Dollars in millions)	July 1, 2011	July 2, 2010	Change	% Change
	Fiscal Years Ended			
Provision for (benefit from) income taxes	$ 68	$ (40)	$ 108	(270)%

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We recorded an income tax provision of $68 million for fiscal year 2011 compared to an income tax benefit of $40 million for fiscal year 2010. Our fiscal year 2011 provision for income taxes included non-U.S. income taxes recorded for increases in income tax reserves for non-U.S. income tax positions taken in prior fiscal years, partially offset by tax benefits recorded for the release of income tax reserves associated with settlements of income tax audits and the expiration of certain statutes of limitation. Our fiscal year 2010 income tax benefit included $55 million of deferred tax benefit from the reversal of a portion of the U.S. valuation allowance recorded in earlier years.

Our income tax provision recorded for fiscal year 2011 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes primarily due to the net effect of (i) tax benefits related to non-U.S. earnings generated in jurisdictions that are subject to tax holidays or tax incentive programs and are considered indefinitely reinvested outside of Ireland, (ii) income tax expense related to intercompany transactions, (iii) a decrease in valuation allowance for certain deferred tax assets, and (iv) non-U.S. losses with no tax benefit. Our benefit for income taxes recorded for the comparative fiscal year ended July 2, 2010 differed from the provision (benefit) for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes primarily due to the net effect of (i) tax benefits related to non-U.S. earnings generated in jurisdictions that are subject to tax holidays or tax incentive programs and are considered indefinitely reinvested outside of Ireland, (ii) a decrease in valuation allowance for certain deferred tax assets, (iii) non-U.S. losses with no tax benefit, and (iv) tax expense related to intercompany transactions.

Liquidity and Capital Resources

The following sections discuss our principal liquidity requirements, as well as our sources and uses of cash and our liquidity and capital resources. Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. Our short-term investments consist primarily of readily marketable debt securities with remaining maturities of more than 90 days at the time of purchase. The principal objectives of our investment policy are the preservation of principal and maintenance of liquidity. We attempt to mitigate default risk by investing in high-quality investment grade securities, limiting the time to maturity and by monitoring the counter-parties and underlying obligors closely. We monitor our investment portfolio and position our portfolio to respond appropriately to a reduction in credit rating of any investment issuer, guarantor or depository. We intend to maintain a highly liquid portfolio by investing only in those marketable securities that we believe have active secondary or resale markets. We believe our cash equivalents and short-term investments are liquid and accessible. We operate in some countries that may have restrictive regulations over the movement of cash and/or foreign exchange across their borders. These restrictions have not impeded our ability to conduct business in those countries, nor do we expect them to in the next 12 months. We are not aware of any downgrades, losses or other significant deterioration in the fair value of our cash equivalents or short-term investments and accordingly, we do not believe the fair value of our short-term investments has significantly changed from the values reported as of June 29, 2012.

Cash and cash equivalents, short-term investments, and restricted cash and investments

(Dollars in millions)	June 29, 2012	As of July 1, 2011	Change
Cash and cash equivalents	$ 1,707	$ 2,677	$ (970)
Short-term investments	411	474	(63)
Restricted cash and investments	93	102	(9)
Total	$ 2,211	$ 3,253	$ (1,042)

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Our cash and cash equivalents, short-term investments and restricted cash and investments decreased from July 1, 2011, primarily as a result of the repurchase of our ordinary shares, repayments of long term debt, payments made to acquire the Samsung HDD business, capital expenditures and dividends paid to our shareholders, which were offset by cash provided by operating activities and cash received from the issuance of ordinary shares under employee stock plans.

The following table summarizes results of statement of cash flows for the periods indicated:

	Fiscal Years Ended		
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Net cash flow provided by (used in):			
Operating activities	$ 3,262	$ 1,264	$ 1,932
Investing activities	(1,114)	(981)	(752)
Financing activities	(3,118)	131	(344)
Net (decrease) increase in cash and cash equivalents	$ (970)	$ 414	$ 836

Cash Provided by Operating Activities

Cash provided by operating activities for fiscal year 2012 was approximately $3.3 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, stock-based compensation, and:

- an increase of $824 million in accounts receivable, net, due to an increase in revenues;
- an increase of $157 million in accounts payable due to higher direct material purchases related to an increase in volume, partially offset by a change in supplier payment terms; and
- an increase of $145 million in accrued employee compensation reflecting an increase in variable performance-based compensation.

Cash provided by operating activities for fiscal year 2011 was approximately $1.3 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, stock-based compensation, impairment of long-lived assets, and:

- an increase of $386 million in accounts payable due to higher direct material purchases related to an increase in volume;
- an increase of $168 million related to an increase in vendor non-trade receivables; and
- an increase of $115 million in inventories related to an increase in volume.

Cash provided by operating activities for fiscal year 2010 was approximately $1.9 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, stock-based compensation, impairment of long-lived assets, and:

- an increase of $367 million in accounts receivable due to an increase in revenue; and
- an increase of $170 million in inventories due to an increase in production requirements.

Cash Used in Investing Activities

In fiscal year 2012, we used $1.1 billion for net cash investing activities, which was due primarily to payments for property, equipment and leasehold improvements of approximately $636 million and net payments for the acquisition of Samsung's HDD business of $561 million.

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In fiscal year 2011, we used $981 million for net cash investing activities, which was primarily attributable to payments for property, equipment and leasehold improvements of approximately $843 million.

In fiscal year 2010, we used $752 million for net cash investing activities, which was primarily attributable to payments for property, equipment and leasehold improvements of approximately $639 million.

Cash Provided by (Used in) Financing Activities

Net cash used in financing activities of $3.1 billion for fiscal year 2012 was attributable to $2.4 billion paid to repurchase 101 million of our ordinary shares, $670 million in long term debt repayments and $372 million in dividends paid to our shareholders. This was partially offset by $344 million in proceeds from the exercise of stock options and employee stock purchases.

Net cash provided by financing activities of $131 million for fiscal year 2011 was attributable to $1.3 billion in net proceeds from the issuance of long-term debt partially offset by $822 million to repurchase 56.9 million of our ordinary shares and $377 million for the repayment of our long-term debt.

Net cash used in financing activities of $344 million for fiscal year 2010 was primarily attributable to the repayment of $350 million of our amended credit facility and the repayment and repurchases of $457 million of our long-term debt. The repayment and repurchases were paid primarily with $379 million of restricted cash, previously held in escrow. We also paid approximately $584 million to repurchase 32.4 million of our ordinary shares, which was partially offset by $587 million in net proceeds from the issuance of long-term debt and $86 million in proceeds from the exercise of stock options and employee stock purchases.

Liquidity Sources

Our primary sources of liquidity as of June 29, 2012, consisted of: (1) approximately $2.1 billion in cash and cash equivalents, and short-term investments, (2) cash we expect to generate from operations and (3) a $350 million senior secured revolving credit facility. We also had $93 million in restricted cash and investments, of which $73 million was related to our employee deferred compensation liabilities under our non-qualified deferred compensation plan.

On January 18, 2011, Seagate Technology plc, and its subsidiary Seagate HDD entered into a credit agreement which provides for a $350 million senior secured revolving credit facility. Seagate Technology plc and certain of its material subsidiaries fully and unconditionally guarantee, on a senior secured basis, the revolving credit facility. The revolving credit facility matures in January 2015. The revolving credit facility is available for cash borrowings and for the issuance of letters of credit up to a sub-limit of $75 million. As of June 29, 2012, no borrowings have been drawn under the revolving credit facility, and $2 million had been utilized for letters of credit. The line of credit is available for borrowings, subject to compliance with financial covenants and other customary conditions to borrowing.

The credit agreement that governs our revolving credit facility contains certain covenants that we must satisfy in order to remain in compliance with the credit agreement, including three financial covenants: (1) minimum amount of cash, cash equivalents and marketable securities; (2) a fixed charge coverage ratio; and (3) a net leverage ratio. As of June 29, 2012, we are in compliance with all covenants, including the financial ratios that we are required to maintain.

We believe that our sources of cash will be sufficient to fund our operations and meet our cash requirements for at least the next 12 months.

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Cash Requirements and Commitments

Our liquidity requirements are primarily to meet our working capital, research and development and capital expenditure needs, to fund scheduled payments of principal and interest on our indebtedness, and to fund our dividend. Our ability to fund these requirements will depend on our future cash flows, which are determined by future operating performance, and therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

On July 25, 2012, our Board of Directors approved a cash dividend of $0.32 per share, which will be payable on August 26, 2012 to shareholders of record as of the close of business on August 5, 2012.

As of June 29, 2012, we were in compliance with all of the covenants under our debt agreements. Based on our current outlook, we expect to be in compliance with the covenants of our debt agreements over the next 12 months.

The carrying value of our long-term debt as of June 29, 2012 and July 1, 2011 was $2.9 billion and $3.5 billion, respectively. The table below presents the principal amounts of our outstanding long-term debt in order of maturity:

(Dollars in millions)	**June 29, 2012**	**As of July 1, 2011**	**Change**
6.375% Senior Notes due October 2011	$	$ 559	$ (559)
10.0% Senior Secured Second-Priority Notes due May 2014	319	416	(97)
6.8% Senior Notes due October 2016	600	600	
7.75% Senior Notes due December 2018	750	750	
6.875% Senior Notes due May 2020	600	600	
7.00% Senior Notes due November 2021	600	600	
Total	$ 2,869	$ 3,525	$ (656)

During fiscal year 2012, we repurchased approximately 101 million of our ordinary shares. See "Item 5. Market for Registrant's Shares, Related Shareholder Matters and Issuer Purchases of Equity Securities-Repurchases of Our Equity Securities."

For fiscal year 2013, we expect capital investment to be below the historical targeted range of 6-8% of revenue. We require substantial amounts of cash to fund scheduled payments of principal and interest on our indebtedness, future capital expenditures and any increased working capital requirements. We will continue to evaluate and manage the retirement and replacement of existing debt and associated obligations, including the issuance of new debt securities, exchanging existing debt securities for other debt securities and retiring debt pursuant to privately negotiated transactions, open market purchases or otherwise. In addition, we may selectively pursue strategic alliances, acquisitions and investments, which may require additional capital.

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Contractual Obligations and Commitments

Our contractual cash obligations and commitments as of June 29, 2012, have been summarized in the table below:

		Fiscal Year(s)			
(Dollars in millions)	**Total**	**2013**	**2014-2015**	**2016-2017**	**Thereafter**
Contractual Cash Obligations:					
Long-term debt	$ 2,869	$	$ 319	$ 600	$ 1,950
Interest payments on debt	1,368	214	417	322	415
Capital expenditures	236	192	44		
Operating leases[(1)]	177	38	43	17	79
Purchase obligations[(2)]	972	972			
Subtotal	5,622	1,416	823	939	2,444
Commitments:					
Letters of credit or bank guarantees	30	27	3		
Total	$ 5,652	$ 1,443	$ 826	$ 939	$ 2,444

(1) Includes total future minimum rent expense under non-cancelable leases for both occupied and vacated facilities (rent expense is shown net of sublease income).

(2) Purchase obligations are defined as contractual obligations for the purchase of goods or services, which are enforceable and legally binding on us, and that specify all significant terms.

As of June 29, 2012, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $82 million, none of which is expected to be settled within one year. Outside of one year, we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

Off-Balance Sheet Arrangements

As of June 29, 2012, we did not have any material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Critical Accounting Policies

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. The SEC has defined the most critical accounting policies as the ones that are most important to the portrayal of our financial condition and operating results, and require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are highly uncertain at the time of estimation. Based on this definition, our most critical policies include: establishment of sales program accruals, establishment of warranty accruals, accounting for income taxes, and the accounting for goodwill and other long-lived assets. Below, we discuss these policies further, as well as the estimates and judgments involved. We also have other accounting policies and accounting estimates relating to uncollectible customer accounts, valuation of inventory, valuation of share-based payments and restructuring. We believe that these other accounting policies and accounting estimates either do not generally require us to make estimates and judgments that are as difficult or as subjective, or it is less likely that they would have a material impact on our reported results of operations for a given period.

Establishment of Sales Program Accruals. We establish certain distributor and OEM sales programs aimed at increasing customer demand. For the distribution channel, these programs typically involve rebates related to a distributor's level of sales, order size, advertising or point of sale activity and price protection adjustments. For OEM sales, rebates are typically based on an OEM customer's volume of purchases or other agreed upon rebate programs. We provide for these obligations at the time that revenue is recorded based on estimated requirements. We estimate these contra-revenue rebates and adjustments based on various factors, including price reductions during the period reported, estimated future price erosion, customer orders, distributor sell-through and inventory levels, program participation, customer claim submittals and sales returns. Our estimates reflect contractual arrangements but also our judgment relating to variables such as customer claim rates and attainment of program goals, and inventory and sell-through levels reported by our distribution customers. Currently, our distributors' inventories are at the low end of the historical range.

While we believe we have sufficient experience and knowledge of the market and customer buying patterns to reasonably estimate such rebates and adjustments, actual market conditions or customer behavior could differ from our expectations. As a result, actual payments under these programs, which may spread over several months after the related sale, may vary from the amount accrued. Accordingly, revenues and margins in the period in which the adjustment occurs may be affected.

Significant actual variations in any of the factors upon which we base our contra-revenue estimates could have a material effect on our operating results. In fiscal year 2012, sales programs were approximately 6% of gross revenue, reflecting the cumulative effect of the advantageous pricing environment during the second half of fiscal year 2012. For fiscal years 2011 and 2010, total sales programs ranged from 6% to 12% of gross revenues. Adjustments to revenues due to under or over accruals for sales programs related to revenues reported in prior quarterly periods averaged 0.5% of quarterly gross revenue for fiscal years 2010 through 2011, and were approximately 0.2% of gross revenue in fiscal year 2012. Any future shifts in the industry supply-demand balance as well as other factors may result in a more competitive pricing environment and may cause sales programs as a percentage of gross revenue to increase from the current or historical levels. If such rebates and incentives trend upwards, revenues and margins will be reduced.

Establishment of Warranty Accruals. We estimate probable product warranty costs at the time revenue is recognized. We generally warrant our products for a period of 1 to 5 years. Our warranty provision considers estimated product failure rates and trends (including the timing of product returns during the warranty periods), and estimated repair or replacement costs related to product quality issues, if any. We also exercise judgment in estimating our ability to sell certain repaired disk drives. Should actual experience in any future period differ significantly from our estimates, our future results of operations could be materially affected. Our judgment is subject to a greater degree of subjectivity with respect to newly introduced products because of limited experience with those products upon which to base our warranty estimates.

The actual results with regard to warranty expenditures could have an adverse or favorable effect on our results of operations if the actual rate of unit failure, the cost to repair a unit, or the actual cost required to satisfy customer claims differs from those estimates we used in determining the warranty accrual. Since we typically outsource our warranty repairs, our repair cost is subject to periodic negotiations with vendors and may vary from our estimates. We also exercise judgment in estimating our ability to sell certain repaired disk drives. To the extent such sales fall below our forecast, warranty cost will be adversely impacted.

We review our warranty accrual quarterly for products shipped in prior periods and which are still under warranty. Any changes in the estimates underlying the accrual may result in adjustments that impact the current period gross margins and income. In fiscal year 2012, net favorable changes in estimates of prior warranty accruals as a percentage of revenue were immaterial. Our total warranty cost was 1.5%, 1.8% and 1.3% of revenue during fiscal years 2012, 2011 and 2010, respectively, while warranty cost related to new shipments (exclusive of the impact of re-estimates of pre-existing liabilities) were 1.2%, 1.8% and

1.8% respectively, for the same periods. Changes in anticipated failure rates of specific products and significant changes in repair or replacement costs have historically been the major reasons for significant changes in prior estimates. Any future changes in failure rates of certain products, as well as changes in repair costs or the cost of replacement parts, may result in increased or decreased warranty accruals.

Accounting for Income Taxes. We account for income taxes pursuant to Accounting Standards Codification (ASC) Topic 740 (ASC 740), Income Taxes. In applying ASC 740, we make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, recognition of income and deductions and calculation of specific tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as tax liabilities associated with uncertain tax positions. The calculation of tax liabilities involves uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the Internal Revenue Service or other tax jurisdictions. If estimates of these tax liabilities are greater or less than actual results, an additional tax benefit or provision will result. The deferred tax assets we record each period depend primarily on our ability to generate future taxable income in the United States and certain non-U.S. jurisdictions. Each period, we evaluate the need for a valuation allowance for our deferred tax assets and, if necessary, we adjust the valuation allowance so that net deferred tax assets are recorded only to the extent we conclude it is more likely than not that these deferred tax assets will be realized. If our outlook for future taxable income changes significantly, our assessment of the need for a valuation allowance may also change.

Assessing Goodwill and Other Long-lived Assets for Impairment. We account for goodwill in accordance with ASC 350, *Intangibles Goodwill and Other*. As required by ASC 350, we perform a qualitative assessment in determining whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the qualitative assessment, if it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company is not required to perform the two-step goodwill impairment test.

In accordance with ASC 360-05-4, *Impairment or Disposal of Long-lived Assets*, we test other long-lived assets, including property, equipment and leasehold improvements and other intangible assets subject to amortization, for recoverability whenever events or changes in circumstances indicate that the carrying values of those assets may not be recoverable. We assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using the same approaches indicated above for ASC 360 step two and compare it to its carrying value. The excess of the carrying value over the fair value is allocated pro rata to derive the adjusted carrying value of each asset in the asset group. The adjusted carrying value of each asset in the asset group is not reduced below its fair value.

Recent Accounting Pronouncements

See "Item 8. Financial Statements and Supplementary Data, Note 1. Basis of Presentation and Summary of Significant Accounting Policies" for information regarding the effect of new accounting pronouncements on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risks due to the volatility of interest rates, foreign currency exchange rates, equity and bond markets. A portion of these risks are hedged, but fluctuations could impact our results of operations, financial position and cash flows. Additionally, we have exposure to downgrades in the credit ratings of our counterparties as well as exposure related to our credit rating changes.

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Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. At June 29, 2012, with the exception of our auction rate securities, we had no marketable securities that had been in a continuous unrealized loss position for a period greater than 12 months and determined that no investments were other-than-temporarily impaired. We currently do not use derivative financial instruments in our investment portfolio.

We have fixed rate debt obligations. We enter into debt obligations for general corporate purposes including capital expenditures and working capital needs. We currently do not use interest rate derivatives to hedge interest rate exposure on our outstanding debt.

The table below presents principal amounts and related weighted average interest rates by year of maturity for our investment portfolio and debt obligations as of June 29, 2012. All short-term investments mature in four years or less.

Fiscal Years Ended

(Dollars in millions, except percentages)	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value at June 29, 2012
Assets								
Cash equivalents:								
Fixed rate	$ 1,533	$	$	$	$	$	$ 1,533	$ 1,533
Average interest rate	0.14%						0.14%	
Short-term investments:								
Fixed rate	$ 61	$ 123	$ 172	$ 26	$ 18	$	$ 400	$ 411
Average interest rate	0.75%	0.84%	1.10%	0.87%	1.14%		0.95%	
Long-term investments:								
Variable rate	$	$	$	$	$	$ 17	$ 17	$ 15
Average interest rate						0.71%	0.71%	
Total investment securities	$ 1,594	$ 123	$ 172	$ 26	$ 18	$ 17	$ 1,950	$ 1,959
Average interest rate	0.16%	0.84%	1.10%	0.87%	1.14%	0.71%	0.31%	
Debt								
Fixed rate	$	$ 319	$	$	$ 600	$ 1,950	$ 2,869	$ 3,146
Average interest rate		10.00%			6.80%	7.25%	7.46%	

Foreign Currency Exchange Risk. We may enter into foreign currency forward exchange contracts to manage exposure related to certain foreign currency commitments and anticipated foreign currency denominated expenditures. Our policy prohibits us from entering into derivative financial instruments for speculative or trading purposes. During fiscal years 2012 and 2011, we did not enter into any hedges of net investments in foreign operations.

We also hedge a portion of our foreign currency denominated balance sheet positions with foreign currency forward exchange contracts to reduce the risk that our earnings will be adversely affected by changes in currency exchange rates. The changes in fair value of these hedges are recognized in earnings in the same period as the gains and losses from the remeasurement of the assets and liabilities. These foreign currency forward exchange contracts are not designated as hedging instruments under ASC 815, *Derivatives and Hedging.* All these forward contracts mature within 12 months.

We evaluate hedging effectiveness prospectively and retrospectively and record any ineffective portion of the hedging instruments in Costs of Revenue on the Consolidated Statements of Operations. We did not have any material net gains (losses) recognized in Costs of Revenue for cash flow hedges due to hedge ineffectiveness or discontinued cash flow hedges during fiscal years 2012 and 2011.

The table below provides information as of June 29, 2012 about our foreign currency forward exchange contracts. The table is provided in U.S. dollar equivalent amounts and presents the notional amounts (at the contract exchange rates) and the weighted average contractual foreign currency exchange rates.

(Dollars in millions, except average contract rate)	Notional Amount	Average Contract Rate	Estimated Fair Value[(1)]
Foreign currency forward exchange contracts:			
Thai baht	$ 252	31.41	$ (1)
Singapore dollar	71	1.28	
Chinese renminbi	27	6.34	
Czech koruna	7	19.72	
Total	$ 357		$ (1)

(1) Equivalent to the unrealized net gain (loss) on existing contracts.

Other Market Risks. We have exposure to counterparty credit downgrades in the form of credit risk related to our foreign currency forward exchange contracts and our fixed income portfolio. We monitor and limit our credit exposure for our foreign currency forward exchange contracts by performing ongoing credit evaluations. We also manage the notional amount of contracts entered into with any one counterparty, and we maintain limits on maximum tenor of contracts based on the credit rating of the financial institutions. Additionally, the investment portfolio is diversified and structured to minimize credit risk. As of June 29, 2012, we had counterparty credit exposure of $1 million comprised of the mark-to-market valuation related to our foreign currency forward exchange contracts in a gain position. Changes in our corporate issuer credit ratings have minimal impact on our financial results, but downgrades may negatively impact our future transaction costs and our ability to execute transactions with various counterparties.

We are subject to equity market risks due to changes in the fair value of the notional investments selected by our employees as part of our Seagate Deferred Compensation Plan (the "SDCP"). We currently manage our exposure to equity market risks associated with the SDCP liabilities by investing directly in mutual funds that mirror the employees' investment options.

As of June 29, 2012 we continued to hold auction rate securities with a par value of approximately $17 million, all of which are collateralized by student loans guaranteed by the Federal Family Education Loan Program. Beginning in the March 2008 quarter, these securities have continuously failed to settle at auction. As of June 29, 2012, the estimated fair value of these auction rate securities was $15 million. We believe that the impairments totaling $2 million are temporary as we do not intend to sell these securities and have concluded it is not more likely than not that we will be required to sell the securities before the recovery of the amortized cost basis. As such, the impairment was recorded in Other comprehensive income (loss) and these securities were classified as long-term investments.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SEAGATE TECHNOLOGY PLC

CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	June 29, 2012	July 1, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,707	$ 2,677
Short-term investments	411	474
Restricted cash and investments	93	102
Accounts receivable, net	2,319	1,495
Inventories	909	872
Deferred income taxes	104	99
Other current assets	767	706
Total current assets	6,310	6,425
Property, equipment and leasehold improvements, net	2,284	2,245
Goodwill	463	31
Other intangible assets	506	1
Deferred income taxes	396	374
Other assets, net	147	149
Total Assets	$ 10,106	$ 9,225
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,286	$ 2,063
Accrued employee compensation	344	199
Accrued warranty	235	189
Accrued expenses	531	452
Current portion of long-term debt		560
Total current liabilities	3,396	3,463
Long-term accrued warranty	128	159
Long-term accrued income taxes	84	67
Other non-current liabilities	138	121
Long-term debt, less current portion	2,863	2,952
Total Liabilities	6,609	6,762
Commitments and contingencies (See Notes 15 and 16)		
Shareholders' equity:		
Preferred shares, $0.00001 par value per share 100 million authorized; no shares issued or outstanding		
Ordinary shares, $0.00001 par value per share 1,250 million authorized; 396,032,905 issued and outstanding at June 29, 2012 and 424,611,591 issued and outstanding at July 1, 2011		
Additional paid-in capital	4,950	3,980
Accumulated other comprehensive loss	(9)	(6)
Accumulated deficit	(1,444)	(1,511)
Total Shareholders' Equity	3,497	2,463

Total Liabilities and Shareholders' Equity	$	10,106	$	9,225

See notes to consolidated financial statements.

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SEAGATE TECHNOLOGY PLC

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Fiscal Years Ended		
	June 29, 2012	July 1, 2011	July 2, 2010
Revenue	$ 14,939	$ 10,971	$ 11,395
Cost of revenue	10,255	8,825	8,191
Product development	1,006	875	877
Marketing and administrative	528	445	437
Amortization of intangibles	38	2	27
Restructuring and other, net	4	18	66
Impairment of other long-lived assets, net of recoveries			57
Total operating expenses	11,831	10,165	9,655
Income from operations	3,108	806	1,740
Interest income	8	7	6
Interest expense	(241)	(214)	(174)
Other, net	7	(20)	(3)
Other expense, net	(226)	(227)	(171)
Income before income taxes	2,882	579	1,569
Provision for (benefit from) income taxes	20	68	(40)
Net income	$ 2,862	$ 511	$ 1,609
Net income per share:			
Basic	$ 6.72	$ 1.13	$ 3.28
Diluted	6.49	1.09	3.14
Number of shares used in per share calculations:			
Basic	426	451	491
Diluted	441	467	514
Cash dividends declared per share	$ 0.86	$ 0.18	$

See notes to consolidated financial statements.

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SEAGATE TECHNOLOGY PLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Years Ended		
	June 29, 2012	**July 1, 2011**	**July 2, 2010**
OPERATING ACTIVITIES			
Net income	$ 2,862	$ 511	$ 1,609
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	814	754	780
Share-based compensation	51	51	57
Loss on redemption of debt	17	26	
Gain on sale of property and equipment	(25)	(23)	(4)
Impairment of other long-lived assets, net of recoveries			57
Deferred income taxes	(28)	46	(36)
Other non-cash operating activities, net	(5)	15	38
Changes in operating assets and liabilities:			
Accounts receivable, net	(824)	(95)	(367)
Inventories	99	(115)	(170)
Accounts payable	157	386	2
Accrued employee compensation	145	(64)	119
Accrued expenses, income taxes and warranty	54	(28)	(169)
Other assets and liabilities	(55)	(200)	16
Net cash provided by operating activities	3,262	1,264	1,932
INVESTING ACTIVITIES			
Acquisition of property, equipment and leasehold improvements	(636)	(843)	(639)
Proceeds from the sale of property and equipment	20	77	21
Purchases of short-term investments	(454)	(487)	(373)
Sales of short-term investments	397	159	119
Maturities of short-term investments	119	101	114
Change in restricted cash and investments	7	14	15
Cash used in acquisition of Samsung HDD assets and liabilities	(561)		
Other investing activities, net	(6)	(2)	(9)
Net cash used in investing activities	(1,114)	(981)	(752)
FINANCING ACTIVITIES			
Proceeds from short-term borrowings			15
Net proceeds from issuance of long-term debt		1,324	587
Repayments of short-term borrowings			(365)
Repayments of long-term debt and capital lease obligations	(670)	(377)	(462)
Change in restricted cash and investments		2	379
Proceeds from issuance of ordinary shares under employee stock plans	344	83	86
Dividends to shareholders	(372)	(74)	
Repurchases of ordinary shares	(2,426)	(822)	(584)
Other financing activities, net	6	(5)	
Net cash (used in) provided by financing activities	(3,118)	131	(344)
(Decrease) increase in cash and cash equivalents	(970)	414	836

Cash and cash equivalents at the beginning of the year		2,677		2,263		1,427
Cash and cash equivalents at the end of the year	$	1,707	$	2,677	$	2,263
Supplemental Disclosure of Cash Flow Information						
Cash paid for interest	$	221	$	193	$	138
Cash paid for income taxes, net of refunds		8		18		(14)

See notes to consolidated financial statements.

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SEAGATE TECHNOLOGY PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For Fiscal Years Ended June 29, 2012, July 1, 2011 and July 2, 2010
(In millions)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
Balance at July 3, 2009	493	$	$ 3,708	$ (6)	$ (2,148)	$ 1,554
Comprehensive income, net of tax:						
Change in unrealized gain on cash flow hedges, net				4		4
Change in unrealized loss on post-retirement plan costs				(2)		(2)
Net income					1,609	1,609
Comprehensive income						1,611
Issuance of ordinary shares under employee stock plans	9		86			86
Repurchase of ordinary shares	(32)				(584)	(584)
Share-based compensation			57			57
Balance at July 2, 2010	470		3,851	(4)	(1,123)	2,724
Comprehensive income, net of tax:						
Change in unrealized loss on cash flow hedges, net				(1)		(1)
Change in unrealized loss on post-retirement plan costs				(1)		(1)
Net income					511	511
Comprehensive income						509
Issuance of ordinary shares under employee stock plans	12		83			83
Tax benefit from exercise of stock options			2			2
Repurchases of ordinary shares	(57)				(822)	(822)
Adjustment to equity component of convertible debt upon redemption			(7)			(7)
Dividends to shareholders					(77)	(77)
Share-based compensation			51			51
Balance at July 1, 2011	425		3,980	(6)	(1,511)	2,463
Comprehensive income, net of tax:						
Change in unrealized loss on cash flow hedges, net				(2)		(2)
Change in unrealized gain on marketable securities, net				1		1
Change in unrealized loss on post-retirement plan costs				(2)		(2)
Net income					2,862	2,862
Comprehensive income						2,859
Issuance of ordinary shares under employee stock plans	27		344			344
Issuance of ordinary shares, in connection with the acquisition of Samsung HDD assets and liabilities	45		569			569
Tax benefit from exercise of stock options			6			6
Repurchases of ordinary shares	(101)				(2,426)	(2,426)
Dividends to shareholders					(369)	(369)

Share-based compensation			51			51
Balance at June 29, 2012	396	$	$ 4,950	$ (9)	$ (1,444)	$ 3,497

See notes to consolidated financial statements.

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

The Company is a leading provider of data storage products. Its principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. Hard disk drives are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. Disk drives are used as the primary medium for storing electronic data.

The Company produces a broad range of electronic data storage products addressing enterprise applications, where its products are designed for enterprise servers, mainframes and workstations; client compute applications, where its products are designed for desktop and notebook computers; and client non-compute applications, where its products are designed for a wide variety of end user devices such as digital video recorders (DVRs), gaming consoles, personal data backup systems, portable external storage systems and digital media systems. The Company sells its products primarily to major original equipment manufacturers (OEMs), distributors and retailers. In addition to manufacturing and selling disk drives, the Company provides storage services for small- to medium-sized businesses, including online backup, data protection and recovery solutions.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and all its wholly-owned subsidiaries, after elimination of intercompany transactions and balances. The preparation of financial statements in accordance with accounting principles generally accepted in the United States also requires management to make estimates and assumptions that affect the amounts reported in the Company's consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. The methods, estimates and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results the Company reports in its consolidated financial statements. The consolidated financial statements reflect, in the opinion of management, all material adjustments necessary to present fairly the consolidated financial position, results of operations, cash flows and shareholders' equity for the periods presented.

The Company operates and reports financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. Accordingly, fiscal years 2012, 2011 and 2010 were comprised of 52 weeks and ended on June 29, 2012, July 1, 2011 and July 2, 2010, respectively. All references to years in the Notes to Consolidated Financial Statements represent fiscal years unless otherwise noted.

Summary of Significant Accounting Policies

Cash, Cash Equivalents and Short-Term Investments. The Company considers all highly liquid investments with a remaining maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value. The Company's short-term investments are primarily comprised of readily marketable debt securities with remaining maturities of more than 90 days at the time of purchase. With the exception of restricted cash and investments, held for its non-qualified deferred compensation plan, which are classified as trading securities, the Company has classified its entire investment portfolio as available-for-sale and it is stated at fair value with unrealized gains and losses included in Accumulated other comprehensive income (loss), which is a component of Shareholders' Equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Realized gains and losses are included in Other, net. The cost of securities sold is based on the specific identification method.

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Cash and Investments. Restricted cash and investments represents cash and cash equivalents and investments that are restricted as to withdrawal or use for other than current operations.

Allowances for Doubtful Accounts. The Company maintains an allowance for uncollectible accounts receivable based upon expected collectability. This reserve is established based upon historical trends, global macroeconomic conditions and an analysis of specific exposures. The provision for doubtful accounts is recorded as a charge to general and administrative expense.

Inventory. Inventories are valued at the lower of cost (which approximates actual cost using the first-in, first-out method) or market. Market value is based upon an estimated average selling price reduced by estimated cost of completion and disposal.

Property, Equipment and Leasehold Improvements. Property, equipment and leasehold improvements are stated at cost. Equipment and buildings are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated life of the asset or the remaining term of the lease. The costs of additions and substantial improvements to property, equipment and leasehold improvements, which extend the economic life of the underlying assets, are capitalized. The cost of maintenance and repairs to property, equipment and leasehold improvements is expensed as incurred.

Assessment of Goodwill and Other Long-lived Assets for Impairment. The Company accounts for goodwill in accordance with Accounting Standards Codification (ASC) Topic 350 (ASC 350), *Intangibles Goodwill and Other*. Effective first quarter of fiscal year 2012, the Company adopted ASU No. 2011-08, Intangibles Goodwill and Other (ASC Topic 350) Testing Goodwill for Impairment. The Company performs a qualitative assessment at the end of each reporting period to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill.

The Company tests other long-lived assets, including property, equipment and leasehold improvements and other intangible assets subject to amortization, for recoverability whenever events or changes in circumstances indicate that the carrying value of those assets may not be recoverable. The Company performs a recoverability test to assess the recoverability of an asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, the Company will estimate the fair value of the asset group and the excess of the carrying value over the fair value is allocated pro rata to derive the adjusted carrying value of assets in the asset group. The adjusted carrying value of each asset in the asset group is not reduced below its fair value.

The Company also tests other intangible assets not subject to amortization annually or more frequently if events or changes in circumstance indicate that the asset might be impaired. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Derivative Financial Instruments. The Company applies the requirements of ASC Topic 815 (ASC 815), *Derivatives and Hedging*. ASC 815 requires that all derivatives be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships.

Establishment of Warranty Accruals. The Company estimates probable product warranty costs at the time revenue is recognized. The Company generally warrants its products for a period of 1 to 5 years. The Company's warranty provision considers estimated product failure rates and trends (including the timing of product returns during the warranty periods), and estimated repair or replacement costs related to

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

product quality issues, if any. The Company also exercises judgment in estimating its ability to sell certain repaired disk drives. Should actual experience in any future period differ significantly from its estimates, the Company's future results of operations could be materially affected.

Revenue Recognition, Sales Returns and Allowances, and Sales Incentive Programs. The Company's revenue recognition policy complies with ASC Topic 605 (ASC 605), *Revenue Recognition*. Revenue from sales of products, including sales to distribution customers, is generally recognized when title and risk of loss has passed to the buyer, which typically occurs upon shipment from the Company or third party warehouse facilities, persuasive evidence of an arrangement exists, including a fixed or determinable price to the buyer, and when collectability is reasonably assured. Revenue from sales of products to direct retail customers and to customers in certain indirect retail channels is recognized on a sell-through basis.

The Company records estimated product returns at the time of shipment. The Company also estimates reductions to revenue for sales incentive programs, such as price protection, and volume incentives, and records such reductions when revenue is recorded. The Company establishes certain distributor and OEM sales programs aimed at increasing customer demand. For the distribution channel, these programs typically involve rebates related to a distributor's level of sales, order size, advertising or point of sale activity and price protection adjustments. For OEM sales, rebates are typically based on an OEM customer's volume of purchases from Seagate or other agreed upon rebate programs. The Company provides for these obligations at the time that revenue is recorded based on estimated requirements. Marketing development programs are either recorded as a reduction to revenue or as an addition to marketing expense depending on the contractual nature of the program.

Shipping and Handling. The Company includes costs related to shipping and handling in Cost of revenue for all periods presented.

Restructuring Costs. The Company records restructuring activities including costs for one-time termination benefits in accordance with ASC Topic 420 (ASC 420), *Exit or Disposal Cost Obligations*. The timing of recognition for severance costs accounted for under ASC 420 depends on whether employees are required to render service until they are terminated in order to receive the termination benefits. If employees are required to render service until they are terminated in order to receive the termination benefits, a liability is recognized ratably over the future service period. Otherwise, a liability is recognized when management has committed to a restructuring plan and has communicated those actions to employees. Employee termination benefits covered by existing benefit arrangements are recorded in accordance with ASC Topic 712, *Non-retirement Postemployment Benefits*. These costs are recognized when management has committed to a restructuring plan and the severance costs are probable and estimable.

Advertising Expense. The cost of advertising is expensed as incurred. Advertising costs were approximately $39 million, $21 million and $23 million in fiscal years 2012, 2011 and 2010, respectively.

Stock-Based Compensation. The Company accounts for stock-based compensation under the provisions of ASC Topic 718 (ASC 718), *Compensation-Stock Compensation*. The Company has elected to apply the with-and-without method to assess the realization of excess tax benefits.

Accounting for Income Taxes. The Company accounts for income taxes pursuant to ASC Topic 740 (ASC 740), *Incomes Taxes*. In applying ASC 740, the Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, recognition of income and deductions and calculation of specific tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as tax liabilities associated with uncertain tax positions. The

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

calculation of tax liabilities involves uncertainties in the application of complex tax rules and the potential for future adjustment of the Company's uncertain tax positions by the Internal Revenue Service or other tax jurisdictions. If estimates of these tax liabilities are greater or less than actual results, an additional tax benefit or provision will result. The deferred tax assets the Company records each period depend primarily on the Company's ability to generate future taxable income in the United States and certain non-U.S. jurisdictions. Each period, the Company evaluates the need for a valuation allowance for its deferred tax assets and, if necessary, adjusts the valuation allowance so that net deferred tax assets are recorded only to the extent the Company concludes it is more likely than not that these deferred tax assets will be realized. If the Company's outlook for future taxable income changes significantly, the Company's assessment of the need for a valuation allowance may also change.

Foreign Currency Remeasurement and Translation. The U.S. dollar is the functional currency for substantially all of the Company's foreign operations. Monetary assets and liabilities denominated in foreign currencies are remeasured into U.S. dollars at the balance sheet date. The gains and losses from the remeasurement of foreign currency denominated balances into U.S. dollars are included in Other, net of the Company's Consolidated Statements of Operations.

Concentrations

Concentration of Credit Risk. The Company's customer base for disk drive products is concentrated with a small number of OEMs and distributors. The Company does not generally require collateral or other security to support accounts receivable. To reduce credit risk, the Company performs ongoing credit evaluations on its customers' financial condition. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. Hewlett-Packard Company and Dell Inc. each accounted for more than 10% of the Company's accounts receivable as of June 29, 2012.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, short-term investments and foreign currency forward exchange contracts. The Company further mitigates concentrations of credit risk in its investments through diversification, by limiting its investments in the debt securities of a single issuer, and investing in highly rated securities.

In entering into foreign currency forward exchange contracts, the Company assumes the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The counterparties to these contracts are major multinational commercial banks, and the Company has not incurred and does not expect any losses as a result of counterparty defaults.

Supplier Concentration. Certain of the raw materials, components and equipment used by the Company in the manufacture of its products are available from a sole supplier or a limited number of suppliers. Shortages could occur in these essential materials and components due to an interruption of supply or increased demand in the industry. If the Company were unable to procure certain materials, components or equipment at acceptable prices, it would be required to reduce its manufacturing operations, which could have a material adverse effect on its results of operations. In addition, the Company has made prepayments to certain suppliers. Should these suppliers be unable to deliver on their obligations or experience financial difficulty, the Company may not be able to recover these prepayments.

Recent Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet (ASC Topic 210) Disclosures about Offsetting Assets and Liabilities.* The ASU requires enhanced disclosures on offsetting, including

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

disclosing gross and net information about instruments and transactions eligible for offset and instruments and transactions subject to an agreement similar to a master netting arrangement. The ASU is effective for the Company's first quarter of fiscal year 2014 and requires the enhanced disclosures for all comparative periods presented. Other than requiring additional disclosures, the adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2011-05, *Comprehensive Income (ASC Topic 220) Presentation of Comprehensive Income.* The ASU requires companies to report comprehensive income, including items of other comprehensive income, for all periods presented in a single continuous financial statement in the Consolidated Statements of Operations or split between the Consolidated Statements of Operations and a separate Consolidated Statements of Other Comprehensive Income. The ASU is effective for the Company's first quarter of fiscal year 2013. Other than requiring additional disclosures, the adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (ASC Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* The ASU requires additional disclosures about the sensitivity to changes in unobservable inputs for Level 3 measurements. In addition, for items that are not measured at fair value on the balance sheet but for which the disclosure of fair values in the footnotes is required, the ASU requires disclosures of the categorization by level within the fair value hierarchy. The ASU is effective for the Company's first quarter of fiscal year 2013. Other than requiring additional disclosures, the adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

2. Balance Sheet Information

Investments

The Company's available-for-sale securities include investments in auction rate securities. Beginning in fiscal year 2008, the Company's auction rate securities failed to settle at auction and have continued to fail through June 29, 2012. Since the Company continues to earn interest on its auction rate securities at the maximum contractual rate, there have been no payment defaults with respect to such securities, and they are all collateralized, the Company expects to recover the entire amortized cost basis of these auction rate securities. The Company does not intend to sell these securities and has concluded it is not more likely than not that the Company will be required to sell the securities before the recovery of their amortized cost basis. As such, the Company believes the impairments totaling $2 million are not other-than-temporary and therefore have been recorded in Accumulated other comprehensive income (loss). Given the uncertainty as to when the liquidity issues associated with these securities will improve, these securities were classified within Other assets, net in the Company's Consolidated Balance Sheets.

As of June 29, 2012, the Company's Restricted cash and investments consisted of $73 million in cash equivalents and investments held in trust for payment of its non-qualified deferred compensation plan liabilities and $20 million in cash and investments held as collateral at banks for various performance obligations. As of July 1, 2011, the Company's Restricted cash and investments consisted of $84 million in cash and investments held in trust for payment of its non-qualified deferred compensation plan liabilities and $18 million in cash and investments held as collateral at banks for various performance obligations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes, by major type, the fair value and amortized cost of the Company's investments as of June 29, 2012:

(Dollars in millions)	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Available-for-sale securities:			
Money market funds	$ 1,158	$	$ 1,158
Commercial paper	393		393
Corporate bonds	208	1	209
U.S. treasuries and agency bonds	98	1	99
Certificates of deposit	6		6
Auction rate securities	17	(2)	15
Other debt securities	99	(1)	98
	1,979	(1)	1,978
Trading securities	73		73
Total	$ 2,052	$ (1)	$ 2,051
Included in Cash and cash equivalents			$ 1,532
Included in Short-term investments			411
Included in Restricted cash and investments			93
Included in Other assets, net			15
Total			$ 2,051

As of June 29, 2012, with the exception of the Company's auction rate securities, the Company had no available-for-sale securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no available-for-sale securities were other-than-temporarily impaired as of June 29, 2012.

The fair value of the Company's investments classified as available-for-sale at June 29, 2012 by remaining contractual maturity was as follows:

(Dollars in millions)	Amortized Cost	Fair Value
Due in less than 1 year	$ 1,615	$ 1,615
Due in 1 to 5 years	347	348
Thereafter	17	15
Total	$ 1,979	$ 1,978

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes, by major type, the fair value and amortized cost of the Company's investments as of July 1, 2011:

(Dollars in millions)	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Available-for-sale securities:			
Commercial paper	$ 1,729	$	$ 1,729
Money market funds	815		815
U.S. treasuries and agency bonds	190		190
Certificates of deposit	136		136
Corporate bonds	116		116
Auction rate securities	18	(2)	16
Other debt securities	96		96
	3,100	(2)	3,098
Trading securities	80	4	84
Total	$ 3,180	$ 2	$ 3,182
Included in Cash and cash equivalents			$ 2,590
Included in Short-term investments			474
Included in Restricted cash and investments			102
Included in Other assets, net			16
Total			$ 3,182

As of July 1, 2011, with the exception of the Company's auction rate securities, the Company had no available-for-sale securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no available-for-sale securities were other-than-temporarily impaired as of July 1, 2011.

Accounts Receivable, net

(Dollars in millions)	June 29, 2012	July 1, 2011
Accounts receivable	$ 2,329	$ 1,505
Allowance for doubtful accounts	(10)	(10)
	$ 2,319	$ 1,495

Activity in the allowance for doubtful accounts is as follows:

(Dollars in millions)	Balance at Beginning of Period	Charges to Operations	Deductions[(1)]	Balance at End of Period
Fiscal year ended July 2, 2010	$ 10	$ 1	$ (1)	$ 10
Fiscal year ended July 1, 2011	$ 10	$ 1	$ (1)	$ 10
Fiscal year ended June 29, 2012	$ 10	$ 3	$ (3)	$ 10

(1) Uncollectible accounts written off, net of recoveries.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories

(Dollars in millions)	June 29, 2012	July 1, 2011
Raw materials and components	$ 265	$ 286
Work-in-process	245	201
Finished goods	399	385
	$ 909	$ 872

Other Current Assets

(Dollars in millions)	June 29, 2012	July 1, 2011
Vendor non-trade receivables	$ 601	$ 519
Other	166	187
	$ 767	$ 706

Other current assets include non-trade receivables from certain manufacturing vendors resulting from the sale of components to these vendors who manufacture completed sub-assemblies or finished goods for the Company. The Company does not reflect the sale of these components in revenue and does not recognize any profits on these sales. The costs of the completed sub-assemblies are included in inventory upon purchase from the vendors.

Property, Equipment and Leasehold Improvements, net

(Dollars in millions)	Useful Life in Years	June 29, 2012	July 1, 2011
Land		$ 29	$ 29
Equipment	3 5	6,495	5,988
Buildings and leasehold improvements	Up to 48	1,233	1,203
Construction in progress		263	163
		8,020	7,383
Less accumulated depreciation and amortization		(5,736)	(5,138)
		$ 2,284	$ 2,245

Depreciation expense, which includes amortization of leasehold improvements, was $739 million, $748 million and $745 million for fiscal years 2012, 2011, and 2010, respectively. Interest on borrowings related to eligible capital expenditures is capitalized as part of the cost of the qualified assets and amortized over the estimated useful lives of the assets. During fiscal years 2012, 2011, and 2010, the Company capitalized interest of $4 million, $5 million and $3 million, respectively.

3. Acquisitions

On December 19, 2011, the Company completed the acquisition of Samsung Electronics Co., Ltd's ("Samsung") hard disk drive ("HDD") business pursuant to an Asset Purchase Agreement ("APA") by which the Company acquired certain assets and liabilities of Samsung relating to the research and development, manufacture and sale of hard-disk drives. The transaction and related agreements are

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

expected to improve the Company's position as a supplier of 2.5-inch products; position the Company to better address rapidly evolving opportunities in markets including, but not limited to, mobile computing, cloud computing and solid state storage; expand the Company's customer access in China and Southeast Asia; and accelerate time to market for new products.

The acquisition-date fair value of the consideration transferred totaled $1,140 million, which consisted of $571 million of cash, $10 million of which was paid as a deposit upon signing the APA in the fourth quarter of fiscal year 2011, and 45.2 million ordinary shares with a fair value of $569 million. The fair value of the ordinary shares issued was determined based on the closing market price of the Company's ordinary shares on the acquisition date, less a 16.5% discount for lack of marketability as the shares issued are subject to a restriction that limits their trade or transfer for approximately a one year period.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in millions):

Inventories	$ 141
Equipment	76
Intangible assets	580
Other assets	28
Total identifiable assets acquired	825
Warranty liability	(72)
Other liabilities	(45)
Total liabilities assumed	(117)
Net identifiable assets acquired	708
Goodwill	432
Net assets acquired	$ 1,140

The following table shows the fair value of the separately identifiable intangible assets at the time of acquisition and the period over which each intangible asset will be amortized:

(Dollars in millions)	Fair Value	Weighted-Average Amortization Period
Existing technology	$ 137	2.0 years
Customer relationships	399	5.8 years
Total amortizable intangible assets acquired	536	4.8 years
In-process research and development	44	
Total acquired identifiable intangible assets	$ 580	

During the six months ended June 29, 2012, the Company recorded adjustments to the preliminary fair value of certain assets acquired and liabilities assumed with the Samsung HDD business that resulted in a net decrease of $5 million to Goodwill. These adjustments included a $7 million increase in Other assets for spare parts and a $3 million increase to Equipment, offset by a $3 million increase in Warranty liability and a $2 million increase in Other liabilities related to certain assumed vendor obligations. These adjustments were based on information obtained in the current period about facts and circumstances that existed at the acquisition date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The amount noted above for warranty is provisional, being an estimate calculated on the basis of projected product failure rates and timing of product returns during the warranty period. Seagate assumed product warranty obligations from Samsung on products sold prior to the acquisition. These products are warranted for up to three years from the original shipment date. The estimate of the warranty liability is subject to a significant degree of subjectivity since the Company has limited experience with Samsung products. If actual return rates differ materially from the Company's estimate, or if there is an epidemic failure of drives for which Seagate assumed warranty obligations, the fair value of the warranty liability may need to be reestimated during the measurement period, which may be up to one year following the acquisition date.

The Company received a patent portfolio that may have value apart from being an enabling technology that is included within the fair value of Intangible assets Existing technology. However, the Company has not received all information regarding these patents that is necessary for the completion of a review to determine the extent of encumbrances and the scope of their application. Therefore, provisionally, no separately identifiable value has been recognized for the patent portfolio.

As part of the acquisition, the Company assumed certain vendor-related and other obligations and contingent liabilities. Due to the nature of these obligations and contingent liabilities, except for the adjustment noted above relating to certain assumed vendor liabilities, the Company has not received sufficient information needed to determine the fair value of these obligations.

The $432 million of goodwill recognized is attributable primarily to the benefits the Company expects to derive from enhanced scale and efficiency to better serve its markets and expanded customer presence in China and Southeast Asia. Except for approximately $4 million of goodwill relating to assembled workforce in Korea, none of the goodwill is expected to be deductible for income tax purposes.

The Company incurred a total of $22 million of expenses related to the acquisition of Samsung in fiscal year 2012, which are included within Marketing and administrative expense on the Consolidated Statement of Operations.

The amounts of revenue and earnings of the acquired assets of Samsung's HDD business included in the Company's Consolidated Statement of Operations from the acquisition date to the period ended June 29, 2012, were as follows:

(Dollars in millions)	
Revenue	$ 970
Net income	$ 104

The unaudited pro forma financial results presented below for fiscal years ended June 29, 2012 and July 1, 2011, include the effects of pro forma adjustments as if the acquisition date occurred as of the beginning of the prior fiscal year on July 3, 2010. The pro forma results combine the historical results of the Company for the fiscal years ended June 29, 2012 and July 1, 2011, respectively, and the historical results of the acquired assets and liabilities of Samsung's HDD business, and include the effects of certain fair value adjustments and the elimination of certain activities excluded from the transaction. The pro forma financial information is presented for informational purposes only and is not necessarily indicative

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the earliest period presented, nor is it intended to be a projection of future results.

	Fiscal Years Ended	
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**
Revenue	$ 16,113	$ 13,853
Net income	$ 2,761	$ 370

The pro forma results for the fiscal years ended June 29, 2012 and July 1, 2011, include adjustments of $65 million and $115 million, respectively, to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied on July 3, 2010.

4. Goodwill and Other Long-lived Assets

Goodwill

The changes in the carrying amount of goodwill are as follows:

(Dollars in millions)	
Balance as of July 1, 2011	$ 31
Goodwill acquired[1]	432
Balance as of June 29, 2012	$ 463

(1) During the six months ended June 29, 2012, the Company recorded adjustments that resulted in a net decrease in goodwill acquired of $5 million. For further information on these adjustments, see "Note 3. Acquisitions."

Other Intangible Assets

Other intangible assets consist primarily of existing technology, customer relationships and In-process research and development acquired in business combinations. With the exception of In-process research and development, acquired intangibles are amortized on a straight-line basis over the respective estimated useful lives of the assets. Amortization of the existing technology intangible asset is charged to Cost of revenue while the amortization of the other intangible assets is included in Operating expenses in the Consolidated Statements of Operations. In-process research and development has been determined to have an indefinite useful life and is not amortized, but instead tested for impairment annually or more frequently if events or changes in circumstance indicate that the asset might be impaired. If the carrying amount of In-process research and development exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. There were no impairment charges recognized for in-process research and development. Upon completion of the in-process research and development, the related assets will be accounted for as a finite-lived intangible asset, and will be amortized over its useful life.

In fiscal years 2012, 2011 and 2010, amortization expense for other intangible assets was $75 million, $6 million and $35 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying value of other intangible assets subject to amortization as of June 29, 2012, is set forth in the following table:

(Dollars in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life
Existing technology	$ 137	$ (37)	$ 100	1.5 years
Customer relationships	399	(37)	362	5.2 years
Total amortizable other intangible assets	$ 536	$ (74)	$ 462	4.4 years

The carrying value of other intangible assets subject to amortization as of July 1, 2011 is set forth in the following table:

(Dollars in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life
Customer relationships	$ 3	$ (2)	$ 1	0.5 year

The carrying value of In-process research and development was $44 million and $0 as of June 29, 2012 and July 1, 2011, respectively.

As of June 29, 2012, expected amortization expense for other intangible assets for each of the next five years and thereafter is as follows:

(Dollars in millions)	
2013	$ 139
2014	102
2015	70
2016	64
2017	59
Thereafter	28
	$ 462

Impairment of Other Long-lived Assets (Property, equipment, leasehold improvements, and other intangible assets)

During fiscal year 2010, the Company committed to a plan to sell certain equipment related to certain research activities that had ceased. The Company recorded a charge of $57 million in order to write down the carrying amount of these assets to estimated fair value less costs to sell. As of July 1, 2011, the Company had completed the sale of these assets and there were no impairment of other long-lived assets recorded in fiscal years 2012 and 2011.

5. Restructuring and Exit Costs

During fiscal year 2012, the Company recorded restructuring charges of $4 million, comprised primarily of charges related to post-employment costs associated with a number of small restructuring plans. During fiscal year 2011, the Company recorded restructuring and other charges of $18 million, mainly comprised of charges related to the closure of its Ang Mo Kio ("AMK") manufacturing operations in Singapore (the "AMK Plan") and costs associated with the closure of facilities previously announced. During fiscal year 2010, the Company recorded restructuring and other charges of $66 million, mainly

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

comprised of charges related to the AMK Plan and additional restructuring charges related to its Pittsburgh, Pennsylvania facility and facilities acquired as part of the 2006 acquisition of Maxtor Corporation ("Maxtor"). The Company's significant restructuring plans are described below. All restructuring charges are reported in Restructuring and other, net on the Consolidated Statements of Operations.

2010 Plan. From the inception of the Company's restructuring plan announced in fiscal year 2010 as a result of the ongoing focus on cost efficiencies in all areas of its business, the Company recorded a total of $4 million related to employee termination costs. The 2010 Plan was completed during the fiscal year ended July 1, 2011.

AMK Plan. In August 2009, the Company announced that it will close its AMK manufacturing operations in Singapore. Operations at this facility had ceased as of the third quarter of fiscal year 2011. The hard drive manufacturing operations have been relocated to other existing Seagate facilities and the Company's Asia International Headquarters remains in Singapore. This closure and relocation is part of the Company's ongoing focus on cost efficiencies in all areas of its business and is intended to facilitate leveraging manufacturing investments across fewer sites. The Company currently estimates total restructuring charges of approximately $50 million, all in cash, including approximately $42 million for post-employment benefits, approximately $6 million for the relocation of manufacturing equipment, and approximately $2 million for other plant closure and relocation costs. From the inception of the plan the Company has recorded $48 million in restructuring charges. During fiscal year 2012, the Company made cash payments of $5 million under the AMK Plan and there were no restructuring charges related to the plan during fiscal year 2012. Payments under the AMK plan are expected to continue through fiscal year 2013.

Other Restructuring and Exit Costs. Through June 29, 2012, the Company has recorded restructuring charges of approximately $121 million, net of adjustments, related to the previously announced closures of its Pittsburgh, Pennsylvania and Milpitas, California facilities, and also has recorded certain exit costs aggregating to $270 million related to its acquisition of Maxtor. These plans are currently expected to result in total charges of approximately $405 million. During fiscal year 2012, the Company incurred restructuring charges of $3 million in post-employment benefits, and $2 million in other exit costs primarily related to the closures of its Pittsburgh, Pennsylvania and Milpitas, California facilities and to other smaller restructuring plans. In addition, the Company recorded an adjustment to reduce the reserves related to facility lease obligations in the amount of $1 million and made cash payments of $13 million related to these plans during fiscal year 2012. Payment of these exit costs are expected to continue through the end of fiscal year 2017.

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The following table summarizes the Company's restructuring activities for fiscal years 2012, 2011 and 2010:

(Dollars in millions)	Post-Employment Benefits	Operating Leases	Other Exit Costs	Total
All Restructuring Activities				
Accrual balances at July 3, 2009	$ 61	$ 40	$	$ 101
Restructuring charges	42	15	7	64
Cash payments	(62)	(14)	(7)	(83)
Adjustments	(3)	5		2
Accrual balances at July 2, 2010	38	46		84
Restructuring charges	3	4	8	15
Cash payments	(36)	(19)	(8)	(63)
Adjustments	3			3
Accrual balances at July 1, 2011	8	31		39
Restructuring charges	3		2	5
Cash payments	(8)	(8)	(2)	(18)
Adjustments		(1)		(1)
Accrual balances at June 29, 2012	$ 3	$ 22	$	$ 25

Of the accrued restructuring balance of approximately $25 million at June 29, 2012, $9 million is included in Accrued expenses and $16 million is included in Other non-current liabilities in the Company's Consolidated Balance Sheet. Of the accrued restructuring balance of approximately $39 million at July 1, 2011, $15 million is included in Accrued expenses and $24 million is included in Other non-current liabilities in the Company's Consolidated Balance Sheet.

6. Debt

Short-Term Borrowings

On January 18, 2011, the Company, and its subsidiary Seagate HDD Cayman entered into a Credit Agreement which provides for a $350 million senior secured revolving credit facility. The Company and certain of its material subsidiaries fully and unconditionally guarantee, on a senior secured basis, the revolving credit facility. The $350 million revolving credit facility matures in January 2015. The $350 million revolving credit facility is available for cash borrowings and for the issuance of letters of credit up to a sub-limit of $75 million. As of June 29, 2012, no borrowings have been drawn under the revolving credit facility, and $2 million had been utilized for letters of credit. The line of credit is available for borrowings, subject to compliance with financial covenants and other customary conditions to borrowing. The credit agreement that governs the revolving credit facility contains certain covenants that the Company must satisfy in order to remain in compliance with the credit agreement, including three financial covenants: (1) minimum amount of cash, cash equivalents and marketable securities; (2) a fixed charge coverage ratio; and (3) a net leverage ratio. As of June 29, 2012, the Company was in compliance with all covenants, including the financial ratios that it is required to maintain.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Long-Term Debt

$600 million Aggregate Principal Amount of 6.375% Senior Notes due October 2011 (the "2011 Notes"). The 2011 Notes matured on October 1, 2011 and the Company repaid the entire outstanding principal amount of $559 million, plus accrued and unpaid interest on October 3, 2011.

$430 million Aggregate Principal Amount of 10.00% Senior Secured Second-Priority Notes due May 2014 (the "2014 Notes"). On May 1, 2009, the Company's subsidiary, Seagate Technology International, completed the sale of $430 million aggregate principal amount of the 2014 Notes, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The obligations under the 2014 Notes are unconditionally guaranteed by the Company and certain of its significant subsidiaries. In addition, the obligations under the 2014 Notes are secured by a second-priority lien on substantially all of the Company's tangible and intangible assets. The indenture governing the 2014 Notes contains covenants that limit the Company's ability, and the ability of certain of its subsidiaries, (subject to certain exceptions) to: incur additional debt or issue certain preferred shares, create liens, enter into mergers, pay dividends, redeem or repurchase debt or shares, and enter into certain transactions with the Company's shareholders or affiliates. The interest on the 2014 Notes is payable semi-annually on May 1 and November 1 of each year. The 2014 Notes are redeemable any time prior to May 1, 2013 at the option of the Company, in whole or in part, at a redemption price of 100% of the principal amount plus an "applicable premium" and accrued and unpaid interest, if any, to the redemption date. The "applicable premium" will be equal to the greater of (1) 1% of the principal amount of the 2014 Notes, or (2) the excess, if any, of (a) the present value of the redemption price on May 1, 2013 plus interest payments due through May 1, 2013, discounted at the applicable Treasury rate as of the redemption date plus 50 basis points; over (b) the principal amount of such note. The 2014 Notes are redeemable at any time on or after May 1, 2013 at the option of the Company in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus a premium equal to one-half the annual coupon thereon and accrued and unpaid interest, if any, to the redemption date.

In addition, any time before May 1, 2012, the Company may redeem up to 35% of the principal amount with the net cash proceeds from permitted sales of the Company's stock at a redemption price of 110% of the principal amount plus accrued interest to the redemption date. During the fiscal year 2012, the Company repurchased $96 million aggregate principal amount of its 2014 Notes for cash at a premium to their principal amount, plus accrued and unpaid interest. The Company recorded a loss on the redemption of approximately $17 million, which is included in Other, net in the Company's Consolidated Statements of Operations for the fiscal year ended June 29, 2012. During the fiscal year 2011, the Company redeemed approximately $14 million aggregate principal amount of its 2014 Notes for cash at 110% of their principal amount, plus accrued and unpaid interest to the redemption date. The Company recorded a loss on the redemption of approximately $2 million, which is included in Other, net in the Company's Consolidated Statements of Operations for the fiscal year ended July 1, 2011.

$600 million Aggregate Principal Amount of 6.8% Senior Notes due October 2016 (the "2016 Notes"). On September 20, 2006, the Company's subsidiary, Seagate Technology HDD Holdings, completed the sale of $600 million aggregate principal amount of the 2016 Notes, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The interest on the 2016 Notes is payable semi-annually on April 1 and October 1 of each year. The issuer under the 2016 notes is Seagate Technology HDD Cayman, and the obligations under the 2016 Notes are unconditionally guaranteed by certain of the Company's significant subsidiaries. The 2016 Notes are redeemable at the option of the Company in whole or in part, on not less than 30, nor more than 60 days notice, at a "make-whole" premium redemption price. The "make-whole" redemption price will be equal to the greater of (1) 100%

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of the principal amount of the notes being redeemed, or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2016 Notes being redeemed, discounted at the redemption date on a semi-annual basis at a rate equal to the sum of the applicable Treasury rate plus 50 basis points.

$750 million Aggregate Principal Amount of 7.75% Senior Notes due December 2018 (the "2018 Notes"). On December 14, 2010, the Company's subsidiary, Seagate HDD Cayman, completed the sale of $750 million aggregate principal amount of the 2018 Notes in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The obligations under the 2018 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. The net proceeds from the offering of the 2018 Notes were approximately $736 million, which the Company intends to use for general corporate purposes, which may include the repayment, redemption and/or repurchase of a portion of its outstanding indebtedness. The interest on the 2018 Notes is payable semi-annually on June 15 and December 15 of each year. The 2018 Notes are redeemable at any time prior to December 15, 2014 at the option of the Company, in whole or in part, at a redemption price of 100% of the principal amount plus an "applicable premium" and accrued and unpaid interest, if any, to the redemption date. The "applicable premium" will be equal to the greater of (1) 1% of the principal amount of the 2018 Notes, or (2) the excess, if any, of (a) the present value of the redemption price on December 15, 2014 plus interest payments due through December 15, 2014, discounted at the applicable Treasury rate as of the redemption date plus 50 basis points; over (b) the principal amount of such note. The 2018 Notes are redeemable at any time on or after December 15, 2014 at various prices expressed as a percentage of the principal amount, as set forth in the indentures, plus accrued and unpaid interest, if any, to the redemption date. In addition, any time before December 15, 2013, the Company may redeem up to 35% of the principal amount with the net cash proceeds from permitted sales of the Company's stock at a redemption price of 107.75% of the principal amount plus accrued interest to the redemption date.

$600 million Aggregate Principal Amount of 6.875% Senior Notes due May 2020 (the "2020 Notes"). On May 13, 2010, the Company's subsidiary, Seagate HDD Cayman, completed the sale of $600 million aggregate principal amount of the 2020 Notes, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The obligations under the 2020 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. The net proceeds from the offering of the 2020 Notes were approximately $587 million, which the Company intends to use to repay, redeem and/or repurchase a portion of the Company's outstanding indebtedness and for general corporate purposes. The interest on the 2020 Notes is payable semi-annually on May 1 and November 1 of each year. The 2020 Notes are redeemable any time prior to May 1, 2015 at the option of the Company, in whole or in part, at a redemption price of 100% of the principal amount plus an "applicable premium" and accrued and unpaid interest, if any, to the redemption date. The "applicable premium" will be equal to the greater of (1) 1% of the principal amount of the 2020 Notes, or (2) the excess, if any, of (a) the present value of the redemption price on May 1, 2015 plus interest payments due through May 1, 2015, discounted at the applicable Treasury rate as of the redemption date plus 50 basis points; over (b) the principal amount of such note. The 2020 Notes are redeemable at any time on or after May 1, 2015 at various prices expressed as a percentage of the principal amount, as set forth in the indentures, plus accrued and unpaid interest, if any, to the redemption date. In addition, any time before May 1, 2013, the Company may redeem up to 35% of the principal amount with the net cash proceeds from permitted sales of the Company's stock at a redemption price of 106.875% of the principal amount plus accrued interest to the redemption date.

$600 million Aggregate Principal Amount of 7.00% Senior Notes due November 2021 (the "2021 Notes"). On May 18, 2011, the Company's subsidiary, Seagate HDD Cayman, completed the sale of $600 million aggregate principal amount of the 2021 Notes, in a private placement exempt from the registration

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

requirements of the Securities Act of 1933, as amended. The obligations under the 2021 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. The net proceeds from the offering of the 2021 Notes were approximately $588 million, which the Company intends to use for general corporate purposes, which may include the repayment, redemption and/or repurchase of a portion of its outstanding indebtedness, capital expenditures and investments in its business. The interest on the 2021 Notes is payable semi-annually on January 1 and July 1 of each year. The 2021 Notes are redeemable any time prior to May 1, 2016 at the option of the Company, in whole or in part, at a redemption price of 100% of the principal amount plus an "applicable premium" and accrued and unpaid interest, if any, to the redemption date. The "applicable premium" will be equal to the greater of (1) 1% of the principal amount of the 2021 Notes, or (2) the excess, if any, of (a) the present value of the redemption price on May 1, 2016 plus interest payments due through May 1, 2016, discounted at the applicable Treasury rate as of the redemption date plus 50 basis points; over (b) the principal amount of such note. The 2021 Notes are redeemable at any time on or after May 1, 2016 at various prices expressed as a percentage of principal amount, as set forth in the indentures, plus accrued and unpaid interest, if any, to the redemption date. In addition, any time before May 2, 2014, the Company may redeem up to 35% of the principal amount with the net cash proceeds from permitted sales of the Company's stock at a redemption price of 107% of the principal amount plus accrued interest to the redemption date.

At June 29, 2012, future principal payments on long-term debt were as follows (in millions):

Fiscal Year		
2013	$	
2014		319
2015		
2016		
2017		600
Thereafter		1,950
	$	2,869

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Taxes

The provision for (benefit from) income taxes consisted of the following:

	Fiscal Years Ended		
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Current tax expense (benefit):			
U.S. Federal	$	$ (6)	$ (14)
U.S. State	(2)		1
Non-U.S.	50	28	9
Total Current	48	22	(4)
Deferred tax expense (benefit):			
U.S. Federal	(30)	23	(37)
U.S. State	2	3	2
Non-U.S.		20	(1)
Total Deferred	(28)	46	(36)
Provision for (benefit from) income taxes	$ 20	$ 68	$ (40)

Income before income taxes consisted of the following:

	Fiscal Years Ended		
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
U.S.	$ 137	$ 100	$ 58
Non-U.S	2,745	479	1,511
	$ 2,882	$ 579	$ 1,569

The Company recorded an excess tax benefit associated with stock option deductions in fiscal years 2012 and 2011 of $6 million and $2 million, respectively, and no excess tax benefits in 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets and liabilities were as follows:

	Fiscal Years Ended	
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**
Deferred tax assets		
Accrued warranty	$ 116	$ 130
Inventory valuation accounts	68	68
Receivable reserves	18	18
Accrued compensation and benefits	117	117
Depreciation	112	126
Restructuring accruals	8	10
Other accruals and deferred items	45	50
Net operating losses and tax credit carry-forwards	1,074	1,087
Other assets	8	10
Total Deferred tax assets	1,566	1,616
Valuation allowance	(1,064)	(1,146)
Net Deferred tax assets	502	470
Deferred tax liabilities		
Unremitted earnings of certain non-U.S. entities	(11)	(8)
Trading Securities Unrealized Gain		(2)
Accrued compensation	(1)	
Depreciation		(5)
Total Deferred tax liabilities	(12)	(15)
Net Deferred tax assets	490	455
Deferred taxes on inter-company transactions		7
Total Deferred tax assets	$ 490	$ 462
As Reported on the Balance Sheet		
Current assets Deferred income taxes	$ 104	$ 99
Non-current assets Deferred income taxes	396	374
Other current liabilities	(10)	(11)
Total Deferred income taxes	$ 490	$ 462

The deferred tax asset valuation allowance decreased by approximately $82 million in fiscal year 2012, decreased by approximately $18 million in fiscal year 2011 and decreased by approximately $133 million in fiscal year 2010.

At June 29, 2012, the Company recorded $490 million of net deferred tax assets. The realization of these deferred tax assets is primarily dependent on the Company's ability to generate sufficient U.S. and certain non-U.S. taxable income in future periods. Although realization is not assured, the Company's management believes that it is more likely than not that these deferred tax assets will be realized. The amount of deferred tax assets considered realizable, however, may increase or decrease in subsequent periods when the Company reevaluates the underlying basis for its estimates of future U.S. and certain non-U.S. taxable income.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At June 29, 2012, the Company had U.S. federal, state and non-U.S. tax net operating loss carryforwards of approximately $2.7 billion, $1.8 billion and $540 million, respectively, which will expire at various dates beginning in fiscal year 2013, if not utilized. At June 29, 2012, the Company had U.S. federal and state tax credit carryforwards of $293 million and $70 million, respectively, which will expire at various dates beginning in fiscal year 2013, if not utilized.

At June 29, 2012, the use of approximately $346 million and $90 million of the Company's U.S. net operating loss and tax credit carryforwards, respectively, is subject to an aggregate annual limitation of $45 million pursuant to U.S. tax law.

For purposes of the tax reconciliation between the provision for income taxes at the statutory rate and the effective tax rate, the Irish statutory rate of 25% was applied as follows:

	Fiscal Years Ended		
(Dollars in millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Provision (benefit) at statutory rate	$ 720	$ 145	$ 392
Net U.S. state income tax provision	(2)	2	3
Permanent differences	1		2
Valuation allowance	(70)	(18)	(77)
Non-U.S. losses with no tax benefits	1	7	31
Non-U.S. earnings taxed at less than statutory rate	(645)	(102)	(393)
Tax expense related to intercompany transactions	6	26	26
Other individually immaterial items	9	8	(24)
Provision for (benefit from) income taxes	$ 20	$ 68	$ (40)

A substantial portion of the Company's operations in Malaysia, Singapore, and Thailand operate under various tax holidays and tax incentive programs, which expire in whole or in part at various dates through 2020. Certain of the tax holidays may be extended if specific conditions are met. The net impact of these tax holidays and tax incentive programs was to increase the Company's net income by approximately $504 million in fiscal year 2012 ($1.14 per share, diluted), to increase the Company's net income by $117 million in fiscal year 2011 ($0.25 per share, diluted), and to increase the Company's net income by approximately $307 million in fiscal year 2010 ($0.60 per share, diluted).

Since establishing Irish tax residency in fiscal year 2010, the Company consists of an Irish tax resident parent holding company with various U.S. and non-U.S. subsidiaries that operate in multiple non-Irish taxing jurisdictions. The amount of temporary differences (including undistributed earnings) related to outside basis differences in the stock of non-Irish resident subsidiaries considered indefinitely reinvested outside of Ireland for which Irish income taxes have not been provided as of June 29, 2012 was approximately $2.8 billion. If such amount were remitted to Ireland as a dividend, it is likely that tax at 25% or approximately $700 million would result.

As of June 29, 2012 and July 1, 2011, the Company had approximately $135 million and $128 million, respectively, of unrecognized tax benefits excluding interest and penalties. The amount of unrecognized tax benefits, if recognized, that would impact the effective tax rate is $135 million and $128 million as of June 29, 2012 and July 1, 2011, respectively, subject to certain future valuation allowance reversals.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the activity related to the Company's gross unrecognized tax benefits:

(Dollars in millions)	Fiscal Years Ended June 29, 2012	July 1, 2011	July 2, 2010
Balance of unrecognized tax benefits at the beginning of the year	$ 128	$ 115	$ 118
Gross increase for tax positions of prior years	1	30	2
Gross decrease for tax positions of prior years	(3)	(24)	(5)
Gross increase for tax positions of current year	13	13	6
Gross decrease for tax positions of current year			
Settlements			(4)
Lapse of statutes of limitation	(3)	(10)	(3)
Non-U.S. exchange (gain)/loss	(1)	4	1
Balance of unrecognized tax benefits at the end of the year	$ 135	$ 128	$ 115

It is the Company's policy to include interest and penalties related to unrecognized tax benefits in the provision for taxes on the Consolidated Statements of Operations. During fiscal year 2012, the Company recognized a net tax expense for interest and penalties of $2 million as compared to a net tax expense for interest and penalties of less than $1 million and a net tax benefit of $1 million during fiscal year 2011 and fiscal year 2010, respectively. As of June 29, 2012, the Company had $17 million of accrued interest and penalties related to unrecognized tax benefits compared to $15 million in fiscal year 2011.

During the 12 months beginning June 30, 2012, the Company expects to reduce its unrecognized tax benefits by approximately $5 million as a result of the expiration of certain statutes of limitation. The Company does not believe it is reasonably possible that other unrecognized tax benefits will materially change in the next 12 months.

The Company is subject to taxation in many jurisdictions globally and is required to file U.S. federal, U.S. state and non-U.S. income tax returns. In May 2011, the U.S. Internal Revenue Service (IRS) completed its field examination of the Company's U.S. federal income tax returns for fiscal years ending in 2005 through 2007. The IRS issued a Revenue Agent's Report and proposed certain adjustments. The Company is currently contesting one of these proposed adjustments through the IRS Appeals Office. The Company believes that the resolution of this disputed issue will have no material impact on its financial statements.

With respect to U.S. state and non-U.S. income tax returns, the Company is generally no longer subject to tax examinations for years ending prior to fiscal year 2004. The Company is also no longer subject to tax examination of U.S. federal income tax returns for years prior to fiscal year 2005.

8. Derivative Financial Instruments

The Company is exposed to foreign currency exchange rate, interest rate, and to a lesser extent, equity price risks relating to its ongoing business operations. The Company enters into foreign currency forward exchange contracts in order to manage the foreign currency exchange rate risk on forecasted expenses denominated in foreign currencies and to mitigate the remeasurement risk of certain foreign currency denominated liabilities. The Company's accounting policies for these instruments are based on whether the instruments are classified as designated or non-designated hedging instruments. The Company records all derivatives in the Consolidated Balance Sheets at fair value. The effective portions of designated cash flow

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

hedges are recorded in Accumulated other comprehensive income (loss) until the hedged item is recognized in earnings. Derivatives that are not designated as hedging instruments and the ineffective portions of cash flow hedges are adjusted to fair value through earnings. The amount of net unrealized gains (losses) on cash flow hedges was not material as of June 29, 2012 and July 1, 2011.

The Company dedesignates its cash flow hedges when the forecasted hedged transactions are realized or it is probable the forecasted hedged transactions will not occur in the initially identified time period. At such time, the associated gains and losses deferred in Accumulated other comprehensive income (loss) are reclassified immediately into earnings and any subsequent changes in the fair value of such derivative instruments are immediately reflected in earnings. The Company did not recognize any material net gains or losses related to the loss of hedge designation on discontinued cash flow hedges during fiscal years 2012, 2011, and 2010. As of June 29, 2012, the Company's existing foreign currency forward exchange contracts mature within 12 months. The deferred amount currently recorded in Accumulated other comprehensive income (loss) expected to be recognized into earnings over the next 12 months is not material.

The following tables show the total notional value of the Company's outstanding foreign currency forward exchange contracts as of June 29, 2012 and July 1, 2011:

	As of June 29, 2012	
(Dollars in millions)	**Contracts Designated as Hedges**	**Contracts Not Designated as Hedges**
Thai baht	$	$ 252
Singapore dollars	50	21
Chinese renminbi	27	
Czech koruna		7
	$ 77	$ 280

	As of July 1, 2011	
(Dollars in millions)	**Contracts Designated as Hedges**	**Contracts Not Designated as Hedges**
Thai baht	$ 98	$ 235
Singapore dollars	212	9
Chinese renminbi	78	
Czech koruna		11
	$ 388	$ 255

The Company is subject to equity market risks due to changes in the fair value of the notional investments selected by its employees as part of its SDCP. Prior to January 3, 2011, the Company had a total return swap ("TRS") in order to manage the equity market risks associated with the SDCP liabilities. Effective January 3, 2011, the Company cancelled the TRS, and currently manages its exposure to equity market risks associated with the SDCP liabilities by investing directly in mutual funds that mirror the employees' investment options.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables show the Company's derivative instruments measured at gross fair value as reflected in the Consolidated Balance Sheets as of June 29, 2012 and July 1, 2011:

	As of June 29, 2012			
	Asset Derivatives		Liability Derivatives	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$	Accrued expenses	$
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	1	Accrued expenses	(2)
Total derivatives		$ 1		$ (2)

	As of July 1, 2011			
	Asset Derivatives		Liability Derivatives	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 4	Accrued expenses	$ (2)
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	1	Accrued expenses	(4)
Total derivatives		$ 5		$ (6)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables show the effect of the Company's derivative instruments on Other comprehensive income (loss) (OCI) and the Consolidated Statements of Operations for the fiscal year ended June 29, 2012:

(Dollars in millions) Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign currency forward exchange contracts	$ (7)	Cost of revenue	$ (5)	Cost of revenue	$

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative
Foreign currency forward exchange contracts	Other, net	$ (6)

The following tables show the effect of the Company's derivative instruments on OCI and the Consolidated Statements of Operations for the fiscal year ended July 1, 2011:

(Dollars in millions) Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)[(a)]
Foreign currency forward exchange contracts	$ 39	Cost of revenue	$ 39	Cost of revenue	$ (1)

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative
Foreign currency forward exchange contracts	Other, net	$ 18
Total return swap	Operating expenses	14
		$ 32

(a) The amount of gain or (loss) recognized in income represents $0 related to the ineffective portion of the hedging relationships and $1 million related to the amount excluded from the assessment of hedge effectiveness, for the fiscal year ended July 1, 2011.

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9. Fair Value

Measurement of Fair Value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

A fair value hierarchy is based on whether the market participant assumptions used in determining fair value are obtained from independent sources (observable inputs) or reflects the Company's own assumptions of market participant valuation (unobservable inputs). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices for identical assets and liabilities in markets that are inactive; quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; or

Level 3 Prices or valuations that require inputs that are both unobservable and significant to the fair value measurement.

The Company considers an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and views an inactive market as one in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate the Company's or the counterparty's non-performance risk is considered in determining the fair values of liabilities and assets, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis, excluding accrued interest components, as of June 29, 2012:

	Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	**Quoted Prices in Active Markets for Identical Instruments (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Balance**
Assets:				
Money market funds	$ 1,140	$	$	$ 1,140
Commercial paper		393		393
Corporate bonds		209		209
U.S. treasuries and agency bonds		99		99
Certificates of deposit		4		4
Other debt securities		99		99
Total cash equivalents and short-term investments	1,140	804		1,944
Restricted cash and investments:				
Mutual Funds	66			66
Other debt securities	25	2		27
Auction rate securities			15	15
Derivative assets		2		2
Total assets	$ 1,231	$ 808	$ 15	$ 2,054
Liabilities:				
Derivative liabilities	$	$ (2)	$	$ (2)
Total liabilities	$	$ (2)	$	$ (2)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions)	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:				
Cash and cash equivalents	$ 1,140	$ 393	$	$ 1,533
Short-term investments		411		411
Restricted cash and investments	91	2		93
Other current assets		2		2
Other assets, net			15	15
Total assets	$ 1,231	$ 808	$ 15	$ 2,054
Liabilities:				
Accrued expenses	$	$ (2)	$	$ (2)
Total liabilities	$	$ (2)	$	$ (2)

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis, excluding accrued interest components, as of July 1, 2011:

(Dollars in millions)	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:				
Commercial paper	$	$ 1,729	$	$ 1,729
Money market funds	800			800
U.S. treasuries and agency bonds		190		190
Certificates of deposit		133		133
Corporate bonds		116		116
Other debt securities		96		96
Total cash equivalents and short-term investments	800	2,264		3,064
Restricted Cash and Investments:				
Mutual Funds	81			81
Other debt securities	19	2		21
Auction rate securities			16	16
Derivative assets		5		5
Total Assets	$ 900	$ 2,271	$ 16	$ 3,187

Liabilities:								
Derivative liabilities	$		$	(6)	$		$	(6)
Total Liabilities	$		$	(6)	$		$	(6)

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	**Quoted Prices in Active Markets for Identical Instruments (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Balance**
Assets:				
Cash and cash equivalents	$ 800	$ 1,790	$	$ 2,590
Short-term investments		474		474
Restricted cash and investments	100	2		102
Other current assets		5		5
Other assets, net			16	16
Total Assets	$ 900	$ 2,271	$ 16	$ 3,187
Liabilities:				
Accrued expenses	$	$ (6)	$	$ (6)
Total Liabilities	$	$ (6)	$	$ (6)

Level 1 assets consist of money market funds and mutual funds for which quoted prices are available in an active market.

The Company classifies items in Level 2 if the financial asset or liability is valued using observable inputs. The Company uses observable inputs including quoted prices in active markets for similar assets or liabilities. Level 2 assets include: agency bonds, corporate bonds, commercial paper, municipal bonds, and U.S. Treasuries. These debt investments are priced using observable inputs and valuation models which vary by asset class. The Company uses a pricing service to assist in determining the fair values of all of its cash equivalents and short-term investments. For the cash equivalents and short-term investments in the Company's portfolio, multiple pricing sources are generally available. The pricing service uses inputs from multiple industry standard data providers or other third party sources and various methodologies, such as weighting and models, to determine the appropriate price at the measurement date. The Company corroborates the prices obtained from the pricing service against other independent sources and, as of June 29, 2012, has not found it necessary to make any adjustments to the prices obtained. The Company's derivative financial instruments are also classified within Level 2. The Company's derivative financial instruments consist of foreign currency forward exchange contracts. The Company recognizes derivative financial instruments in its consolidated financial statements at fair value. The Company determines the fair value of these instruments by considering the estimated amount it would pay or receive to terminate these agreements at the reporting date.

The Company's Level 3 assets consist of auction rate securities with a par value of $17 million, all of which are collateralized by student loans guaranteed by the Federal Family Education Loan Program. Beginning in fiscal year 2008, these securities failed to settle at auction and have continued to fail through June 29, 2012. Since there is no active market for these securities, the Company valued them using a discounted cash flow model. The valuation model is based on the income approach and reflects both observable and significant unobservable inputs.

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the fiscal years ended July 2, 2010, July 1, 2011 and June 29, 2012:

(Dollars in millions)	Auction Rate Securities
Balance at July 3, 2009	$ 18
Total net gains (losses) (realized and unrealized):	
Realized gains (losses)(1)	(1)
Unrealized gains (losses)(2)	
Sales and settlements	
Balance at July 2, 2010	17
Total net gains (losses) (realized and unrealized):	
Realized gains (losses)(1)	
Unrealized gains (losses)(2)	
Sales and settlements	(1)
Balance at July 1, 2011	16
Total net gains (losses) (realized and unrealized):	
Realized gains (losses)(1)	
Unrealized gains (losses)(2)	
Sales and settlements	(1)
Balance at June 29, 2012	$ 15

(1) Realized gains (losses) on auction rate securities are recorded in Other, net in the Consolidated Statements of Operations.

(2) Unrealized gains (losses) on auction rate securities are recorded as a separate component of Total comprehensive income (loss) in Accumulated other comprehensive income (loss), which is a component of Shareholders' Equity.

Items Measured at Fair Value on a Non-Recurring Basis

The Company enters into certain strategic investments for the promotion of business and strategic objectives. Strategic investments in equity securities where the Company does not have the ability to exercise significant influence over the investees, included in Other assets, net in the Consolidated Balance Sheets, are recorded at cost and are periodically analyzed to determine whether or not there are indicators of impairment. The carrying value of the Company's strategic investments at June 29, 2012 and July 1, 2011

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

totaled $40 million and $27 million, respectively. The following table presents the Company's assets and liabilities that were measured at fair value on a non-recurring basis during the year fiscal year 2012:

	Fair Value Measurements Using			
(Dollars in millions)	**Quoted Prices in Active Markets for Identical Instruments (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Balance**
Assets:				
Equity investment	$	$	$ 5	$ 5

During the fiscal years 2012, 2011 and 2010, the Company determined that certain of its equity investments accounted for under the cost method were other-than-temporarily impaired, and recognized a charge of $7 million, $5 million and $13 million, respectively, in order to write down the carrying amount of the investment to its estimated fair value. These amounts were recorded in Other, net in the Consolidated Statements of Operations. Since there was no active market for the equity securities of the investee, the Company estimated fair value of the investee by using the market approach, which was then used to estimate the applicable portion of the fair value of its underlying intellectual property assets.

Other Fair Value Disclosures

The Company's debt is carried at amortized cost. The fair value of the Company's debt is derived using the average of bid and ask prices from brokers on the date of valuation, which takes into account the yield curve, interest rates, and other observable inputs. Accordingly, these fair value measurements are categorized as Level 2. The following table presents the fair value and amortized cost of the Company's debt and capital lease in order of maturity:

	June 29, 2012		July 1, 2011	
(Dollars in millions)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Capital Leases	$	$	$ 1	$ 1
6.375% Senior Notes due October 2011			559	561
10.0% Senior Secured Second-Priority Notes due May 2014	314	359	403	481
6.8% Senior Notes due October 2016	599	662	599	647
7.75% Senior Notes due December 2018	750	836	750	780
6.875% Senior Notes due May 2020	600	639	600	591
7.00% Senior Notes due November 2021	600	650	600	598
	2,863	3,146	3,512	3,659
Less short-term borrowings and current portion of long-term debt			(560)	(562)
Long-term debt, less current portion	$ 2,863	$ 3,146	$ 2,952	$ 3,097

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Shareholders' Equity

Share Capital

The Company's authorized share capital is $13,500 and consists of 1,250,000,000 ordinary shares, par value $0.00001, of which 396,032,905 shares were outstanding as of June 29, 2012, and 100,000,000 preferred shares, par value $0.00001, of which none were issued or outstanding as of June 29, 2012.

Ordinary shares Holders of ordinary shares are entitled to receive dividends when and as declared by the Company's board of directors (the "Board of Directors"). Upon any liquidation, dissolution, or winding up of the Company, after required payments are made to holders of preferred shares, any remaining assets of the Company will be distributed ratably to holders of the preferred and ordinary shares. Holders of shares are entitled to one vote per share on all matters upon which the ordinary shares are entitled to vote, including the election of directors.

Preferred shares The Company may issue preferred shares in one or more series, up to the authorized amount, without shareholder approval. The Board of Directors is authorized to establish from time to time the number of shares to be included in each series, and to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. The Board of Directors can also increase or decrease the number of shares of a series, but not below the number of shares of that series then outstanding, without any further vote or action by the shareholders.

The Board of Directors may authorize the issuance of preferred shares with voting or conversion rights that could harm the voting power or other rights of the holders of the ordinary shares. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of the Company and might harm the market price of its ordinary shares and the voting and other rights of the holders of ordinary shares.

Dividends

During fiscal year 2012, the Company declared and paid cash dividends of $0.86 per share of its ordinary shares, aggregating $369 million. During fiscal year 2011, the Company declared a cash dividend of $0.18 per share of its ordinary shares, aggregating $77 million (including $3 million withheld for taxes). Of the $77 million dividend declared during fiscal year 2011, $74 million was paid in fiscal year 2011 and $3 million was paid in fiscal year 2012.

Repurchases of Equity Securities

On January 27, 2010, the Company's Board of Directors authorized an Anti-Dilution Share Repurchase Program (the "January 2010 Anti-Dilution Share Repurchase Program"), which was publicly announced on February 1, 2010. The repurchase program authorizes the Company to repurchase its ordinary shares to offset increases in diluted shares, such as those caused by employee stock plans and convertible debt, used in the determination of diluted net income per share. There was no minimum or maximum number of shares to be repurchased. On April 26, 2012, the Board of Directors authorized the Company to terminate the January 2010 Anti-Dilution Share Repurchase Program, which was so terminated effective April 26, 2012.

On November 29, 2010, the Company's Board of Directors authorized repurchases of up to an additional $2 billion of the Company's outstanding ordinary shares.

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On January 25, 2012, the Board of Directors authorized the Company to repurchase an additional $1 billion of its outstanding ordinary shares.

On April 26, 2012, the Board of Directors authorized the Company to repurchase an additional $2.5 billion of its outstanding ordinary shares.

All repurchases are effected as redemptions in accordance with the Company's Articles of Association.

As of June 29, 2012, $2.6 billion remained available for repurchase under the existing repurchase authorization limit.

The following tables set forth information with respect to repurchases of the Company's ordinary shares made during fiscal year 2012, 2011 and 2010:

(In millions)	Number of Shares Repurchased	Dollar Value of Shares Repurchased
Cumulative repurchased as of July 3, 2009		$
Repurchased in fiscal year 2010	32(1)	584(1)
Cumulative repurchased through July 2, 2010	32	584
Repurchased in fiscal year 2011	57(2)	822(2)
Cumulative repurchased through July 1, 2011	89	1,406
Repurchased in fiscal year 2012	101	2,426
Cumulative repurchased through June 29, 2012	190	$ 3,832

(1) Represents repurchases under the January 2010 Anti-Dilution Share Repurchase Program.

(2) Includes 21 million shares of repurchases or $305 million under the January 2010 Anti-Dilution Share Repurchase Program.

11. Compensation

Stock-Based Compensation Plans

The Company's stock-based compensation plans have been established to promote the Company's long-term growth and financial success by providing incentives to its employees, directors, and consultants through grants of share-based awards. The provisions of the Company's stock-based benefit plans, which allow for the grant of various types of equity-based awards, are also intended to provide greater flexibility to maintain the Company's competitive ability to attract, retain and motivate participants for the benefit of the Company and its shareholders.

Seagate Technology plc 2012 Equity Incentive Plan (the "EIP"). On October 26, 2011, the shareholders approved the EIP and authorized the issuance of up to a total of 27,000,000 ordinary shares, par value $0.0001 per share, plus any shares remaining available for grant under the SCP as of the effective date of the EIP (which was equal to 11,041,148 ordinary shares as of the effective date of the EIP and which will increase by such additional number of shares as will be returned to the share reserve in respect of awards previously granted under the SCP) (together, the "Share Reserve"). Any shares that are subject to options or share appreciation rights granted under the EIP will be counted against the Share Reserve as one share for every one share granted, and any shares that are subject to restricted share bonus awards, restricted share units, performance share bonus awards or performance share awards (collectively,

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"Full-Value Share Awards") will generally be counted against the Share Reserve as two and one-tenth shares for every one share granted. As of June 29, 2012, there were approximately 37.4 million ordinary shares available for issuance under the EIP.

Shares that are subject to Full-Value Share Awards will generally vest over a period of three to four years. Options will generally vest as follows: 25% of the options will vest on the first anniversary of the vesting commencement date and the remaining 75% will vest ratably each month thereafter over the next 36 months. Options granted under the EIP have an exercise price equal to the closing price of the Company's ordinary shares on date of grant.

Seagate Technology plc 2004 Share Compensation Plan (the "SCP"). A maximum of 63.5 million ordinary shares were issuable under the SCP, including 10 million authorized for issuance of share awards and restricted units. Share awards and restricted units granted to employees generally vest 25% annually. Options granted to employees generally vest as follows: 25% of the options on the first anniversary of the vesting commencement date and the remaining 75% proportionately each month over the next 36 months. Options granted under the SCP were granted at fair market value. On November 4, 2011, the Company filed Post-Effective Amendment No. 1 to deregister 11,041,148 ordinary shares that remained available for grant as of October 27, 2011 under the SCP and no shares have been granted from the SCP subsequent to that date.

The Company granted performance awards to its senior executive officers under the SCP that include a market-based condition. A single award represents the right to receive a single ordinary share of the Company. Vesting is subject to both the continued employment of the participant by the Company and the achievement of certain performance goals established by the Compensation Committee of the Company's Board of Directors. During fiscal year 2012 and 2011, the Company granted 0.6 million and 0.3 million of performance awards, respectively, under the SCP. These awards vest after the end of the performance period of 3 years from the grant date. The performance goals are a three-year average return on invested capital (ROIC) goal and a relative total shareholder return (TSR) goal, which is based on the Company's ordinary shares measured against a benchmark TSR of a peer group over the same three-year period. A percentage of these units may vest only if at least the minimum ROIC goal is met regardless of whether the TSR goal is met. The number of stock units to vest will range from 0% to 200% of the targeted units. In evaluating the fair value of these units, the Company used a Monte Carlo simulation on the grant date, taking the TSR goal into consideration. Compensation expense related to these units is only recorded in a period if it is probable that the ROIC goal will be met, and it is to be recorded at the expected level of achievement.

The Company also granted 0.6 million and 0.2 million of performance awards during fiscal year 2012 and 2011 to its senior executive officers under the SCP. These awards are awards with a maximum seven-year vesting period, with 25% annual vesting starting on the first anniversary of the grant date. These units' vesting is contingent on the Company achieving an AEPS goal of $1.00 for the prior fiscal year. If the performance goal is not achieved, vesting is delayed to a following year in which the AEPS goal is achieved. Any unvested awards from prior years may vest cumulatively in a future year within the seven-year vesting period if the annual AEPS goal is achieved during a subsequent year. If the AEPS goal has not been met by the end of the seven year period, any unvested shares will be forfeited.

Seagate Technology plc Stock Purchase Plan (the "ESPP"). There are 40 million ordinary shares authorized to be issued under the ESPP. In no event shall the total number of shares issued under the ESPP exceed 75 million ordinary shares. The ESPP consists of a six-month offering period with a maximum issuance of 1.5 million ordinary shares per offering period. The ESPP permits eligible employees to purchase ordinary shares through payroll deductions generally at 85% of the fair market value of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ordinary shares. As of June 29, 2012 there were approximately 4 million ordinary shares available for issuance under the ESPP.

i365, Inc. 2010 Equity Incentive Plan (the "i365 Plan"). In October 2010, i365, Inc. ("i365"), a wholly owned subsidiary of the Company, adopted the i365, Inc. 2010 Equity Incentive Plan (the "i365 Plan"). A maximum of 5 million shares of i365's common stock are issuable under the i365 Plan. Options granted to employees generally vest as follows: 25% of the options on the first anniversary of the vesting commencement date and the remaining 75% proportionately each month over the next 36 months. Options expire ten years from the date of grant. During fiscal year 2011, the Company issued options for the purchase of approximately 4 million shares of i365 common stock with an exercise price of $1.59, respectively. As of June 29, 2012, there were approximately 1 million shares of common stock available for issuance under the i365 Plan. The compensation expense associated with options granted to date under the i365 Plan is not material for fiscal year 2012 or 2011.

Determining Fair Value of Seagate Technology Stock Plans

Valuation and amortization method The Company estimates the fair value of stock options granted using the Black-Scholes-Merton valuation model and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period or the remaining service (vesting) period.

Expected Term Expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its stock-based awards.

Expected Volatility The Company uses a combination of the implied volatility of its traded options and historical volatility of its share price.

Expected Dividend The Black-Scholes-Merton valuation model calls for a single expected dividend yield as an input. The dividend yield is determined by dividing the expected per share dividend during the coming year by the grant date share price. The expected dividend assumption is based on the Company's current expectations about its anticipated dividend policy. Also, because the expected dividend yield should reflect marketplace participants' expectations, the Company does not incorporate changes in dividends anticipated by management unless those changes have been communicated to or otherwise are anticipated by marketplace participants.

Risk-Free Interest Rate The Company bases the risk-free interest rate used in the Black-Scholes-Merton valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term. Where the expected term of the Company's stock-based awards do not correspond with the terms for which interest rates are quoted, the Company performed a straight-line interpolation to determine the rate from the available term maturities.

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Fair Value The fair value of the Company's nonvested awards and performance awards subject to an AEPS condition for fiscal years 2012, 2011, and 2010, is the price of the Company's shares on the grant date. The weighted average grant date fair value of awards granted are as follows:

	Fiscal Years		
	2012	2011	2010
Nonvested awards			
Weighted-average fair value	$ 13.14	$ 11.61	$ 15.47
Performance awards			
Weighted-average fair value	$ 11.16	$ 13.63	N/A

The fair value of the Company's shares related to options granted to employees, shares issued from the ESPP and performance awards subject to TSR/ROIC conditions for fiscal years 2012, 2011, and 2010 were estimated using the following assumptions:

	Fiscal Years		
	2012	2011	2010
Options			
Expected term (in years)	4.2	4.2	4.2
Volatility	49 53%	49 57%	51 57%
Weighted-average volatility	50%	55%	53%
Expected dividend rate	3.8 6.5%	0 4.3%	%
Weighted-average expected dividend rate	5.89%	0.08%	%
Risk-free interest rate	0.6 0.9%	0.9 1.8%	1.7 2.1%
Weighted-average fair value	$3.61	$5.32	$6.45
ESPP			
Expected term (in years)	0.5	0.5	0.5
Volatility	45 54%	44 47%	49 60%
Weighted-average volatility	49%	45%	55%
Expected dividend rate	3.9 5.2%	%	%
Weighted-average expected dividend rate	4.66%	%	%
Risk-free interest rate	0.1 0.2%	0.1 0.2%	0.2 0.3%
Weighted-average fair value	$4.89	$3.42	$4.19
Performance awards subject to market condition			
Expected term (in years)	2.96	2.96	N/A
Weighted-average volatility	65%	64%	N/A
Expected dividend rate	6.4%	%	N/A
Risk-free interest rate	0.34%	0.81%	N/A
Weighted-average fair value	$10.05	$12.13	N/A

Stock Compensation Expense

The Company recorded $51 million, $51 million and $57 million of stock-based compensation during fiscal years 2012, 2011, and 2010, respectively. Management has made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest. When estimating forfeitures, the Company considers voluntary termination behavior as well as analysis of actual forfeited awards.

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Stock Option Activity

The Company issues new ordinary shares upon exercise of stock options. The following is a summary of option activities:

Options	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In millions)		(In years)	(Dollars In millions)
Outstanding at July 1, 2011	46.4	$ 13.44	3.3	$ 259
Granted	2.0	13.56		
Exercised	(23.0)	13.49		
Forfeitures	(0.7)	6.02		
Expirations	(2.1)	18.09		
Outstanding at June 29, 2012	22.6	$ 13.18	3.3	$ 264
Vested and expected to vest at June 29, 2012	21.7	$ 13.39	3.2	$ 250
Exercisable at June 29, 2012	14.2	$ 16.10	2.4	$ 126

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's ordinary shares for the options that were in-the-money at June 29, 2012. During fiscal years 2012, 2011, and 2010, the aggregate intrinsic value of options exercised under the Company's stock option plans was $245 million, $76 million and $41 million, respectively, determined as of the date of option exercise. The aggregate fair value of options vested during fiscal year 2012 was approximately $17 million.

At June 29, 2012, the total compensation cost related to options granted to employees but not yet recognized was approximately $20 million, net of estimated forfeitures of approximately $1 million. This cost is being amortized on a straight-line basis over a weighted-average remaining term of approximately 2.4 years and will be adjusted for subsequent changes in estimated forfeitures.

Nonvested Awards Activity

The following is a summary of nonvested award activities:

Nonvested Awards	Number of Shares	Weighted-Average Grant-Date Fair Value
(In millions)		
Nonvested at July 1, 2011	2.5	$ 12.05
Granted	2.5	$ 13.14
Forfeitures	(0.2)	$ 11.70
Vested	(0.8)	$ 12.77
Nonvested at June 29, 2012	4.0	$ 12.62

At June 29, 2012, the total compensation cost related to nonvested awards granted to employees but not yet recognized was approximately $36 million, net of estimated forfeitures of approximately $3 million. This cost is being amortized on a straight-line basis over a weighted-average remaining term of 2.9 years

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and will be adjusted for subsequent changes in estimated forfeitures. The aggregate fair value of nonvested awards vested during fiscal year 2012 was approximately $11 million.

Performance Awards

The following is a summary of performance award activities:

Performance Awards	**Number of Shares**	**Weighted-Average Grant-Date Fair Value**
(In millions)		
Performance awards at July 1, 2011	0.6	$ 12.05
Granted	1.2	$ 10.05
Forfeitures		$
Vested	(0.1)	$ 11.36
Performance awards at June 29, 2012	1.7	$ 10.69

At June 29, 2012, the total compensation cost related to performance awards granted to employees but not yet recognized was approximately $16 million. This cost is being amortized on a straight-line basis over a weighted-average remaining term of 3 years.

ESPP

During fiscal years 2012, 2011 and 2010, the aggregate intrinsic value of shares purchased under the Company's ESPP was approximately $17 million, $7 million and $31 million respectively. At June 29, 2012, the total compensation cost related to options to purchase the Company's ordinary shares under the ESPP but not yet recognized was approximately $1 million. This cost will be amortized on a straight-line basis over a weighted-average period of approximately one month. During fiscal year 2012, the Company issued 3.0 million ordinary shares with a weighted-average purchase price of $11.79 per share.

Tax-Deferred Savings Plan

The Company has a tax-deferred savings plan, the Seagate 401(k) Plan (the "40l(k) plan"), for the benefit of qualified employees. The 40l(k) plan is designed to provide employees with an accumulation of funds at retirement. Qualified employees may elect to make contributions to the 401(k) plan on a bi-weekly basis. Pursuant to the 401(k) plan, the Company matches 50% of employee contributions, up to 6% of compensation, subject to maximum annual contributions of $3,500 per participating employee. During fiscal years 2012, 2011, and 2010, the Company made matching contributions of $13 million, $13 million and $12 million, respectively.

Deferred Compensation Plan

On January 1, 2001, the Company adopted the SDCP for the benefit of eligible employees. This plan is designed to permit certain discretionary employer contributions, in excess of the tax limits applicable to the 401(k) plan and to permit employee deferrals in excess of certain tax limits. The Company's assets designated to pay benefits under the plan are held by a rabbi trust. The assets and liabilities of a rabbi trust are accounted for as assets and liabilities of the Company. As of June 29, 2012 and July 1, 2011, the assets held in the rabbi trust were approximately $73 million and $84 million, respectively, and are included in Restricted cash and investments in the Consolidated Balance Sheets. The deferred compensation

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obligation related to the rabbi trust included in Accrued expenses on the accompanying Consolidated Balance Sheets was approximately $82 million and $93 million as of June 29, 2012 and July 1, 2011, respectively.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share:

	Fiscal Years Ended		
(In millions, except per share data)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Numerator:			
Net income	$ 2,862	$ 511	$ 1,609
Adjustment for interest expense on 6.8% Convertible Senior Notes due April 2010			5
Net income, as adjusted	$ 2,862	$ 511	$ 1,614
Number of shares used in per share calculations:			
Total shares for purpose of calculating basic net income per share	426	451	491
Weighted-average effect of dilutive securities:			
Employee equity award plans	15	16	20
2.375% Convertible Senior Notes due August 2012			1
6.8% Convertible Senior Notes due April 2010			2
Dilutive potential shares:	15	16	23
Total shares for purpose of calculating diluted net income per share	441	467	514
Net income per share:			
Basic net income per share	$ 6.72	$ 1.13	$ 3.28
Diluted net income per share	$ 6.49	$ 1.09	$ 3.14

The following potential shares were excluded from the computation of diluted net income per share as their effect would have been anti-dilutive:

	Fiscal Years Ended		
(In millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Employee equity award plans	7	15	20

13. Business Segment and Geographic Information

The Company has concluded that its manufacture and distribution of disk drives constitutes one reporting segment. The Company's manufacturing operations are based on technology platforms that are used to produce various disk drive products that serve multiple disk drive applications and markets. The Company's main technology platforms are primarily focused around areal density of media and read/write head technologies. In addition, the Company also invests in certain other technology platforms including motors, servo formatting read/write channels, solid state technologies and sealed drive technologies. The Company has determined that its Chief Executive Officer is the Company's chief operating decision maker (CODM) as he is responsible for reviewing and approving investments in the Company's technology platforms and manufacturing infrastructure.

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In fiscal years 2012, 2011 and 2010, Dell Inc. accounted for approximately 15%, 13% and 11% of consolidated revenue, respectively, while Hewlett-Packard Company accounted for approximately 14%, 15% and 16% of consolidated revenue, respectively. No other customer accounted for more than 10% of consolidated revenue in any year presented.

Other long-lived assets consist of property, equipment and leasehold improvements, other intangible assets, capital leases, equity investments and other non-current assets as recorded by the Company's operations in each area.

The following table summarizes the Company's operations by geographic area:

	Fiscal Years Ended		
	June 29, 2012	July 1, 2011	July 2, 2010
	(In millions)		
Revenue from external customers[(1)]:			
Singapore	$ 7,847	$ 5,507	$ 5,546
United States	3,845	3,043	3,081
The Netherlands	3,089	2,344	2,728
Other	158	77	40
Consolidated	$ 14,939	$ 10,971	$ 11,395
Long-lived assets:			
Singapore	$ 868	$ 748	$ 888
Thailand	409	380	287
United States	318	355	369
China	270	277	246
Malaysia	144	173	208
Other	928	462	398
Consolidated	$ 2,937	$ 2,395	$ 2,396

(1) Revenue is attributed to countries based on the shipping location.

14. Legal, Environmental and Other Contingencies

The Company assesses the probability of an unfavorable outcome of all its material litigation, claims, or assessments to determine whether a liability had been incurred and whether it is probable that one or more future events will occur confirming the fact of the loss. In the event that an unfavorable outcome is determined to be probable and the amount of the loss can be reasonably estimated, the Company establishes an accrual for the litigation, claim or assessment. In addition, in the event an unfavorable outcome is determined to be less than probable, but reasonably possible, the Company will disclose an estimate of the possible loss or range of such loss; however, when a reasonable estimate cannot be made, the Company will provide disclosure to that effect. Litigation is inherently uncertain and may result in adverse rulings or decisions. Additionally, the Company may enter into settlements or be subject to judgments that may, individually or in the aggregate, have a material adverse effect on its results of operations. Accordingly, actual results could differ materially.

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Intellectual Property Litigation

Convolve, Inc. ("Convolve") and Massachusetts Institute of Technology ("MIT") v. Seagate Technology LLC, et al. On July 13, 2000, Convolve and MIT filed suit against Compaq Computer Corporation and Seagate Technology LLC in the U.S. District Court for the Southern District of New York, alleging infringement of U.S. Patent Nos. 4,916,635, "Shaping Command Inputs to Minimize Unwanted Dynamics" (the '635 patent) and U.S. Patent No. 5,638,267, "Method and Apparatus for Minimizing Unwanted Dynamics in a Physical System" (the '267 patent), misappropriation of trade secrets, breach of contract, tortious interference with contract and fraud relating to Convolve and MIT's Input Shaping® and Convolve's Quick and Quiet technology. The plaintiffs claimed their technology is incorporated in the Company's sound barrier technology, which was publicly announced on June 6, 2000. The complaint seeks injunctive relief, $800 million in compensatory damages and unspecified punitive damages, including for willful infringement and willful and malicious misappropriation. If willful infringement is found by the jury, the court may assess, in addition to compensatory damages for the infringement, punitive damages in an amount up to three times the amount of such compensatory damages. If willful and malicious misappropriation is found by the jury, the court may assess, in addition to compensatory damages for the misappropriation, punitive damages in an amount up to two times the amount of such compensatory damages. On November 6, 2001, the U.S. Patent and Trademark Office ("USPTO") issued to Convolve US Patent No. 6,314,473, "System for Removing Selected Unwanted Frequencies in Accordance with Altered Settings in a User Interface of a Data Storage Device," (the '473 patent"). Convolve filed an amended complaint on January 16, 2002, alleging defendants infringe this patent. The '635 patent expired on September 12, 2008. The court ruled in 2010 that the '267 patent was out of the case.

On August 16, 2011, the court granted in part and denied in part the Company's motion for summary judgment. The court granted summary judgment in favor of the Company on all patent infringement claims and on 11 of the 15 remaining alleged trade secrets at issue. The court also denied Convolve's request for enhanced damages as moot and dismissed Convolve's request for injunctive relief. Following this ruling, the parties entered into a stipulation to conditionally dismiss without prejudice the remaining claims in order to facilitate an appeal of the August 16, 2011 order by Convolve to the U.S. Court of Appeals for the Federal Circuit. Pursuant to this stipulation, the court entered a final judgment on October 4, 2011. Convolve filed its notice of appeal to the U.S. Court of Appeals for the Federal Circuit on November 3, 2011. A hearing before the Court of Appeals has not yet been scheduled. In view of the court's August 16, 2011 ruling and the uncertainty regarding the amount of damages, if any, that could be awarded Convolve in this matter, the Company does not believe that it is currently possible to determine a reasonable estimate of the possible range of loss related to this matter.

Alexander Shukh v. Seagate Technology On February 12, 2010, former Seagate engineer Alexander Shukh filed a complaint and an amended complaint against the Company in Minnesota federal court, alleging, among other things, employment discrimination based on his Belarusian national origin and wrongful failure to name him as an inventor on several patents and patent applications. Mr. Shukh's employment was terminated as part of a company-wide reduction in force in fiscal year 2009. He seeks damages in excess of $75 million. The Company believes the claims are without merit and intends to vigorously defend this case. Trial is scheduled to begin July 1, 2013. In view of the uncertainty regarding the amount of damages, if any, that could be awarded in this matter, the Company does not believe that it is currently possible to determine a reasonable estimate of the possible range of loss related to this matter.

Rembrandt Data Storage, LP v. Seagate Technology LLC On November 10, 2010, Rembrandt Data Storage, LP filed suit against Seagate Technology LLC in the U.S. District Court for the Western District

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of Wisconsin alleging infringement of U.S. Patent No. 5,995,342 C1, "Thin Film Heads Having Solenoid Coils," and U.S. Patent No. 6,195,232, "Low-Noise Toroidal Thin Film Head With Solenoidal Coil." The complaint seeks unspecified compensatory damages, enhanced damages, injunctive relief, and attorneys' fees and costs. On March 2, 2012, the district court granted Seagate's motion for summary judgment of non-infringement and entered judgment in favor of Seagate. On March 7, 2012, Rembrandt appealed to the U.S. Court of Appeals for the Federal Circuit. A hearing before the Court of Appeals has not yet been scheduled. In view of the court's March 2, 2012 ruling and the uncertainty regarding the amount of damages, if any, that could be awarded Rembrandt in this matter, the Company does not believe that it is currently possible to determine a reasonable estimate of the possible loss or possible range of loss related to this matter.

Rambus, Inc. ITC Investigation re Certain Semiconductor Chips and Products Containing the Same On December 1, 2010, Rambus, Inc. filed a complaint with the International Trade Commission seeking an investigation pursuant to Section 337 of the Tariff Act of 1930, as amended. The complaint names Seagate Technology LLC and numerous other respondents, including LSI, Inc. and ST Microelectronics, Inc., alleging that Seagate products incorporate semiconductor products made by LSI and STMicroelectronics that infringe various patents owned by Rambus. The ITC initiated an investigation on December 29, 2010. Rambus seeks an order to exclude entry of infringing products into the U.S. and a cease and desist order. On July 25, 2012, the ITC gave notice that it had determined to terminate the investigation with a finding of no violation of Section 337 by Seagate and the other respondents. In light of the July 25, 2012 notice and the nature of the relief sought, the Company does not believe that it is currently possible to determine a reasonable estimate of the possible loss or range of loss, or other possible adverse result, if any, that may be incurred with respect to this matter.

LEAP Co., Ltd. v. Seagate Singapore International Headquarters Pte. Ltd. and Nippon Seagate Inc. On July 4, 2012, LEAP Co., Ltd. filed a lawsuit in the Tokyo District Court of Japan against Seagate Singapore International Headquarters Pte. Ltd., Nippon Seagate Inc. and Buffalo Inc. alleging wrongful termination of purchase agreements and other claims, and seeking approximately $38 million in damages. The Company believes the claims are without merit and intends to vigorously defend this case. In view of the uncertainty regarding the amount of damages, if any, that could be awarded in this matter, the Company does not believe that it is currently possible to determine a reasonable estimate of the possible range of loss related to this matter.

Environmental Matters

The Company's operations are subject to U.S. and foreign laws and regulations relating to the protection of the environment, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Some of the Company's operations require environmental permits and controls to prevent and reduce air and water pollution, and these permits are subject to modification, renewal and revocation by issuing authorities.

The Company has established environmental management systems and continually updates its environmental policies and standard operating procedures for its operations worldwide. The Company believes that its operations are in material compliance with applicable environmental laws, regulations and permits. The Company budgets for operating and capital costs on an ongoing basis to comply with environmental laws. If additional or more stringent requirements are imposed on the Company in the future, it could incur additional operating costs and capital expenditures.

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Some environmental laws, such as the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended, the "Superfund" law) and its state equivalents, can impose liability for the cost of cleanup of contaminated sites upon any of the current or former site owners or operators or upon parties who sent waste to these sites, regardless of whether the owner or operator owned the site at the time of the release of hazardous substances or the lawfulness of the original disposal activity. The Company has been identified as a potentially responsible party at several sites. At each of these sites, the Company has an assigned portion of the financial liability based on the type and amount of hazardous substances disposed of by each party at the site and the number of financially viable parties. The Company has fulfilled its responsibilities at some of these sites and remains involved in only a few at this time.

While the Company's ultimate costs in connection with these sites is difficult to predict with complete accuracy, based on its current estimates of cleanup costs and its expected allocation of these costs, the Company does not expect costs in connection with these sites to be material.

The Company may be subject to various state, federal and international laws and regulations governing the environment, including those restricting the presence of certain substances in electronic products. For example, the European Union ("EU") enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, which prohibits the use of certain substances, including lead, in certain products, including disk drives, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the United States, Canada, Mexico, Taiwan, China, Japan and others. The European Union REACH Directive (Registration, Evaluation, Authorization, and Restriction of Chemicals, EC 1907/2006) also restricts substances of very high concern ("SVHCs") in products. If the Company or its suppliers fails to comply with the substance restrictions, recycle requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on the Company's business.

Other Matters

The Company is involved in a number of other judicial and administrative proceedings incidental to its business, and the Company may be involved in various legal proceedings arising in the normal course of its business in the future. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on its financial position or results of operations.

15. Commitments

Leases. The Company leases certain property, facilities and equipment under non-cancelable lease agreements. Land and facility leases expire at various dates through 2067 and contain various provisions for rental adjustments including, in certain cases, a provision based on increases in the Consumer Price Index. Also, certain leases provide for renewal of the lease at the Company's option at expiration of the lease. All of the leases require the Company to pay property taxes, insurance and normal maintenance costs.

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Future minimum lease payments for operating leases (including accrued lease payments relating to restructuring plans) with initial or remaining terms of one year or more were as follows at June 29, 2012 (lease payments are shown net of sublease income):

Fiscal Years Ending	Operating Leases (Dollars in millions)	
2013	$	38
2014		27
2015		16
2016		11
2017		6
Thereafter		79
	$	177

Total rent expense for all land, facility and equipment operating leases, net of sublease income, was $34 million, $24 million and $25 million for fiscal years 2012, 2011 and 2010, respectively. Total sublease rental income for fiscal years 2012, 2011 and 2010 was $6 million, $12 million and $10 million, respectively. The Company subleases a portion of its facilities that it considers to be in excess of current requirements. As of June 29, 2012, total future lease income to be recognized for the Company's existing subleases is approximately $8 million.

During the fiscal year 2011, the Company entered into a sale-leaseback transaction for its AMK facility in Singapore. The transaction was completed in the fourth fiscal quarter and net proceeds were $73 million. Upon execution of the sale, the Company recognized a $15 million gain and an additional $26 million of deferred gain. The deferred gain is being recognized ratably over the minimum lease term of three years, as an offset to the related rental expense. The Company considers this lease as a normal leaseback and classified the lease as an operating lease. As of June 29, 2012, the total future minimum lease payments for the leaseback were $12 million, which are included in the total future minimum lease payments for operating leases shown above.

The Company recorded amounts for both adverse and favorable leasehold interests and for exit costs that apply directly to the lease commitments assumed through the 2006 acquisition of Maxtor. As of June 29, 2012, the Company had a $10 million adverse leasehold interest related to leases acquired from Maxtor. The adverse leasehold interest is being amortized to Cost of revenue and Operating expenses over the remaining duration of the leases. In addition, the Company had $12 million and $16 million remaining in accrued exit costs related to the planned exit of Maxtor leased excess facilities at June 29, 2012 and July 1, 2011, respectively.

Capital Expenditures. The Company's non-cancelable commitments for construction of manufacturing facilities and purchases of equipment approximated $236 million at June 29, 2012.

16. Guarantees

Indemnifications to Officers and Directors

On May 4, 2009, prior to the Redomestication (defined below) Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands ("Seagate-Cayman"), then the parent company, entered into a new form of indemnification agreement (the "Revised Indemnification Agreement") with its officers and directors of Seagate-Cayman and its subsidiaries (each, an "Indemnitee"). The Revised Indemnification Agreement provides indemnification in addition to any of

SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Indemnitee's indemnification rights under Seagate-Cayman's Articles of Association, applicable law or otherwise, and indemnifies an Indemnitee for certain expenses (including attorneys' fees), judgments, fines and settlement amounts actually and reasonably incurred by him or her in any action or proceeding, including any action by or in the right of Seagate-Cayman or any of its subsidiaries, arising out of his or her service as a director, officer, employee or agent of Seagate-Cayman or any of its subsidiaries or of any other entity to which he or she provides services at Seagate-Caymans's request. However, an Indemnitee shall not be indemnified under the Revised Indemnification Agreement for (i) any fraud or dishonesty in the performance of Indemnitee's duty to Seagate-Cayman or the applicable subsidiary of Seagate-Cayman or (ii) Indemnitee's conscious, intentional or willful failure to act honestly, lawfully and in good faith with a view to the best interests of Seagate-Cayman or the applicable subsidiary of Seagate-Cayman. In addition, the Revised Indemnification Agreement provides that Seagate-Cayman will advance expenses incurred by an Indemnitee in connection with enforcement of the Revised Indemnification Agreement or with the investigation, settlement or appeal of any action or proceeding against him or her as to which he or she could be indemnified.

On July 3, 2010 pursuant to a corporate reorganization, the common shareholders of Seagate-Cayman became ordinary shareholders of Seagate Technology PLC (the Company) and Seagate-Cayman became a wholly owned subsidiary of the Company, as described more fully in the Current Report on Form 8-K filed by the Company on July 6, 2010 (the "Redomestication"). On July 27, 2010, in connection with the Redomestication, the Company, as sole shareholder of Seagate-Cayman, approved a form of deed of indemnity (the "Deed of Indemnity"), which provides for the indemnification by Seagate-Cayman of any director, officer, employee or agent of the Company, Seagate-Cayman or any subsidiary of the Company (each, a "Deed Indemnitee"), in addition to any of a Deed Indemnitee's indemnification rights under the Company's Articles of Association, applicable law or otherwise, with a similar scope to the Revised Indemnification Agreement. Seagate-Cayman entered into the Deed of Indemnity with certain Deed Indemnitees effective as of July 3, 2010 and continues to enter into the Deed of Indemnity with additional Deed Indemnitees from time to time.

The nature of these indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay on behalf of its officers and directors. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying condensed consolidated financial statements with respect to these indemnification obligations.

Intellectual Property Indemnification Obligations

The Company has entered into agreements with customers and suppliers that include limited intellectual property indemnification obligations that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third party intellectual property claims arising from these transactions. The nature of the intellectual property indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to its customers and suppliers. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

Product Warranty

The Company estimates probable product warranty costs at the time revenue is recognized. The Company generally warrants its products for a period of one to five years. The Company uses estimated

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

repair or replacement costs and uses statistical modeling to estimate product return rates in order to determine its warranty obligation. Changes in the Company's product warranty liability during the fiscal years ended June 29, 2012, July 1, 2011 and July 2, 2010 were as follows:

	Fiscal Years Ended		
(In millions)	**June 29, 2012**	**July 1, 2011**	**July 2, 2010**
Balance, beginning of period	$ 348	$ 372	$ 437
Warranties issued	169	199	200
Repairs and replacements	(284)	(221)	(214)
Changes in liability for pre-existing warranties, including expirations	58	(2)	(51)
Warranty liability assumed from Samsung HDD business	72		
Balance, end of period	$ 363	$ 348	$ 372

17. Related Party Transactions

In connection with the Company's acquisition of the Samsung HDD business, Samsung became a shareholder of the Company and appointed one of its executives on the Company's Board of Directors.

Samsung Electronics Co. Ltd. ("Samsung") The Company recorded revenue of $407 million from sales to Samsung for fiscal year 2012. The Company made payments to Samsung in fiscal years 2012 of $102 million related to purchases of components and services. The Company had accounts payable to Samsung of $25 million and accounts receivable from Samsung of $64 million at June 29, 2012.

During fiscal year 2012, members of the Company's board of directors also served on the boards of the following companies with which the Company had transactions:

Symantec Corporation ("Symantec") The Company made payments of $30 million for the purchase of its new Cupertino, California facility to Symantec in fiscal year 2011.

United Parcel Service, Inc. ("UPS") The Company made payments for freight and logistics services to UPS of $94 million, $150 million and $120 million in fiscal years 2012, 2011, and 2010, respectively. At June 29, 2012, and July 1, 2011, the Company had accounts payable to UPS of $15 million and $14 million, respectively.

LSI Corporation ("LSI") The Company recorded revenue of $4 million, $65 million and $63 million from sales to LSI for fiscal years 2012, 2011, and 2010, respectively. The Company made payments to LSI in fiscal years 2012, 2011, and 2010 of $685 million, $333 million and $320 million, respectively, related to purchases of various components. The Company had accounts payable to LSI of $455 million and $70 million at June 29, 2012 and July 1, 2011, respectively.

Microsoft Corporation ("Microsoft") The Company recorded revenue of $54 million from sales to Microsoft for fiscal year 2012. The Company made payments to Microsoft in fiscal year 2012 of $24 million related to purchases of licensed software. The Company had accounts receivable from Microsoft of $39 million at June 29, 2012.

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SEAGATE TECHNOLOGY PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Subsequent Events

On August 3, 2012, the Company acquired 64.5% of LaCie S.A., a manufacturer of consumer storage products. The Company paid approximately $117 million in cash for the acquisition. The purchase agreement includes a contingent price supplement of 3% in the event that at least 95% of the shares and voting rights of LaCie S.A. are acquired by the Company within 6 months following closing.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Seagate Technology public limited company

We have audited the accompanying consolidated balance sheets of Seagate Technology public limited company (plc) as of June 29, 2012 and July 1, 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 29, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Seagate Technology plc at June 29, 2012 and July 1, 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 29, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Seagate Technology plc's internal control over financial reporting as of June 29, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 8, 2012 expressed an unqualified opinion thereon.

/S/ ERNST & YOUNG LLP

San Jose, California
August 8, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Seagate Technology public limited company

We have audited Seagate Technology public limited company (plc)'s internal control over financial reporting as of June 29, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Seagate Technology plc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Seagate Technology plc maintained, in all material respects, effective internal control over financial reporting as of June 29, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Seagate Technology plc as of June 29, 2012 and July 1, 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 29, 2012 and our report dated August 8, 2012 expressed an unqualified opinion thereon.

/S/ ERNST & YOUNG LLP

San Jose, California
August 8, 2012

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SUPPLEMENTARY FINANCIAL DATA (UNAUDITED)

For quarterly financial data see Part II, Item 6. Selected Financial Data

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusions Regarding Disclosure Controls and Procedures

Our chief executive officer and our chief financial officer have concluded, based on the evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) by our management, with the participation of our chief executive officer and our chief financial officer, that our disclosure controls and procedures were effective as of June 29, 2012.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on our evaluation under the framework in *Internal Control Integrated Framework*, our management has concluded that our internal control over financial reporting was effective as of June 29, 2012. The effectiveness of our internal control over financial reporting as of June 29, 2012 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this Form 10-K, as stated in their report that is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Our disclosure controls and procedures and our internal controls have been designed to provide reasonable assurance of achieving their objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Seagate have been detected. An evaluation was performed under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 29, 2012. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding our directors and compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, set forth in the sections entitled "Proposal 1 Election of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance," in our Proxy Statement to be filed with the Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K are hereby incorporated by reference in this section. In addition, the information set forth in Part I of this report under "Item 1. Business Executive Officers" is also incorporated by reference in this section.

We have adopted a Code of Business Conduct and Ethics that applies to all Seagate employees, officers and members of our Board of Directors, including our principal executive, finance and accounting officers. This Code of Business Conduct and Ethics is posted on our Website. The Internet address for our Website is *www.seagate.com*, and the Code of Business Conduct and Ethics may be found from our main Web page by clicking first on "Investors," next on "Corporate Governance" and then on "Code of Business Conduct and Ethics."

We intend to satisfy any disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our Website, at the Internet address and location specified above.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive compensation required by this Item 11 set forth in the section entitled "Compensation of Executive Officers" in our Proxy Statement to be filed with the Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information regarding security ownership beneficial owners and management and related shareholders required by this Item 12 set forth in the section entitled "Security Ownership of Directors, Executive Officers and Certain Beneficial Owners" in our Proxy Statement to be filed with the Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information regarding certain relationships, related transactions and director independence required by this Item 13 set forth in the section entitled "Certain Relationships and Related Transactions" in our Proxy Statement to be filed with the Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding principal accountant fees and services required by this Item 14 set forth in the section entitled "Information about the Independent Auditors" in our Proxy Statement to be filed with the Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. *Financial Statements.* The following Consolidated Financial Statements of Seagate Technology plc and Report of Independent Registered Public Accounting Firm are included in Item 8:

2. *Financial Statement Schedules.* All schedules are omitted because they are not applicable or the required information is included in the Financial Statements or in the notes thereto.

(b) *Exhibits*. The information required by this Item is set forth on the Exhibit Index (following the Signatures section of this report) and is included, or incorporated by reference, in this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY
/s/ STEPHEN J. LUCZO

(Stephen J. Luczo, Chief Executive Officer, President, Director and Chairman of the Board of Directors)

Date: August 8, 2012

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Stephen J. Luczo, Patrick J. O'Malley, and Kenneth M. Massaroni, and each of them, as his true and lawful attorneys-in-fact and agents, with power to act with or without the others and with full power of substitution and resubstitution, to do any and all acts and things and to execute any and all instruments which said attorneys and agents and each of them may deem necessary or desirable to enable the registrant to comply with the U.S. Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission thereunder in connection with the registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2012 (the "Annual Report"), including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of the registrant and the name of the undersigned, individually and in his capacity as a director or officer of the registrant, to the Annual Report as filed with the U.S. Securities and Exchange Commission, to any and all amendments thereto, and to any and all instruments or documents filed as part thereof or in connection therewith; and each of the undersigned hereby ratifies and confirms all that said attorneys and agents and each of them shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ STEPHEN J. LUCZO (Stephen J. Luczo)	Chief Executive Officer, President, Director and Chairman of the Board of Directors (Principal Executive Officer)	August 8, 2012
/s/ PATRICK J. O'MALLEY (Patrick J. O'Malley)	Executive Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	August 8, 2012
/s/ DAVID H. MORTON, JR. (David H. Morton, Jr.)	Vice President, Finance and Treasurer (Principal Accounting Officer)	August 8, 2012
/s/ FRANK J. BIONDI, JR. (Frank J. Biondi, Jr.)	Director	August 8, 2012

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Signature	Title	Date
/s/ MICHAEL R. CANNON (Michael R. Cannon)	Director	August 8, 2012
/s/ MEI-WEI CHENG (Mei-Wei Cheng)	Director	August 8, 2012
/s/ WILLIAM T. COLEMAN III (William T. Coleman III)	Director	August 8, 2012
/s/ JAY L. GELDMACHER (Jay L. Geldmacher)	Director	August 8, 2012
/s/ SEH-WOONG JEONG (Dr. Seh-Woong Jeong)	Director	August 8, 2012
/s/ LYDIA M. MARSHALL (Lydia M. Marshall)	Director	August 8, 2012
/s/ KRISTEN M. ONKEN (Kristen M. Onken)	Director	August 8, 2012
/s/ C.S. PARK (Dr. C.S. Park)	Director	August 8, 2012
/s/ GREGORIO REYES (Gregorio Reyes)	Director	August 8, 2012
/s/ EDWARD J. ZANDER (Edward J. Zander)	Director	August 8, 2012

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EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Scheme of Arrangement among Seagate Technology ("Seagate-Cayman"), Seagate Technology plc ("Seagate-Ireland") and the Scheme Shareholders (incorporated by reference to Annex A to Seagate Technology's Definitive Proxy Statement on Schedule 14A filed on March 5, 2010)	DEF 14A	001-31560	Annex A	3/5/2010	
3.1	Memorandum and Articles of Association of Seagate Technology plc	8-K12B/A	001-31560	3.1	7/9/2010	
3.2	Certificate of Incorporation of Seagate Technology plc	10-K	001-31560	3.2	8/20/2010	
4.1	Specimen Ordinary Share Certificate	10-K	001-3560	4.1	8/20/2010	
4.2	Indenture dated September 20, 2006 among Seagate Technology, Seagate Technology HDD Holdings and U.S. Bank National Association	8-K	001-31560	4.1	9/21/2006	
4.3	Forms of Global Note for the Senior Notes due 2011 and Senior Notes due 2016 of Seagate Technology HDD Holdings issued pursuant to the Indenture	8-K	001-31560	4.1	9/21/2006	
4.4	Indenture dated as of May 1, 2009, among Seagate Technology International, as Issuer, Seagate Technology, Seagate Technology HDD Holdings, Maxtor Global Ltd., Seagate Technology (Ireland), Seagate Technology Media (Ireland), Seagate International (Johor) Sdn. Bhd., Penang Seagate Industries (M) Sdn. Bhd., Seagate Singapore International Headquarters Pte. Ltd., Seagate Technology (Thailand) Limited, Seagate Technology (US) Holdings, Inc., Maxtor Corporation, i365 Inc. and Seagate Technology LLC, as Guarantors, and Wells Fargo Bank, National Association, as Trustee	8-K	001-31560	4.1	5/5/2009	
4.5	Form of 10.0% Senior Secured Second-Priority Note due 2014	8-K	001-31560	4.1	5/5/2009	
4.6	First Supplemental Indenture, dated as of March 1, 2010, among Seagate Technology HDD Holdings, Seagate HDD Cayman, Seagate Technology and U.S. Bank National Association, as trustee, amending and supplementing the Indenture, dated as of September 20, 2006, among Seagate Technology HDD Holdings, Seagate Technology and U.S. Bank National Association, as trustee	8-K	001-31560	10.2	3/3/2010	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.7	First Supplemental Indenture, dated as of March 1, 2010, among Seagate Technology International, Seagate HDD Cayman and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 1, 2009, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	10.2	3/3/2010	
4.8	Second Supplemental Indenture, dated as of March 1, 2010, among Seagate Technology International, Seagate Technology plc and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 1, 2009, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	10.3	3/3/2010	
4.9	Third Supplemental Indenture, dated as of March 19, 2010, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 1, 2009, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	10.1	3/22/2010	
4.10	Supplemental Indenture, dated as of July 3, 2010, among Seagate HDD Cayman, as issuer, Seagate Technology, as original guarantor, Seagate Technology plc, as successor guarantor, and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 13, 2010, among Seagate HDD Cayman, as issuer, Seagate Technology, as guarantor, and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	10.1	7/6/2010	
4.11	Indenture dated as of May 13, 2010, among Seagate HDD Cayman, as Issuer, Seagate Technology, as Guarantor, and Wells Fargo Bank, National Association, as Trustee	8-K	001-31560	4.1	5/14/2010	
4.12	Form of 6.875% Senior Note due 2020	8-K	001-31560	4.1	5/14/2010	
4.13	Registration Rights Agreement dated as of May 13, 2010, among Seagate HDD Cayman, Seagate Technology and Morgan Stanley & Co. Incorporated and Banc of America Securities LLC	8-K	001-31560	4.3	5/14/2010	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.14	Indenture dated as of December 14, 2010, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and Wells Fargo Bank, National Association, as Trustee	8-K	001-31560	4.1	12/14/2010	
4.15	Form of 7.75% Senior Note due 2018	8-K	001-31560	4.1	12/14/2010	
4.16	Registration Rights Agreement dated as of December 14, 2010, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated	8-K	001-31560	4.3	12/14/2010	
4.17	Indenture dated as of May 18, 2011, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and Wells Fargo Bank, National Association, as Trustee	8-K	001-31560	4.1	5/18/2011	
4.18	Form of 7.000% Senior Note due 2021	8-K	001-31560	4.1	5/18/2011	
4.19	Registration Rights Agreement dated as of May 18, 2011, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. Incorporated	8-K	001-31560	4.3	5/18/2011	
4.20	Fourth Supplemental Indenture, dated as of February 7, 2012, among Seagate Technology International, as issuer, Seagate Business Centre (UK) Limited and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 1, 2009, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee					X
4.21	Fifth Supplemental Indenture, dated as of March 19, 2012, among Seagate Technology International, as issuer, Seagate Korean Limited and Wells Fargo Bank, National Association, as trustee, amending and supplementing the Indenture, dated as of May 1, 2009, among Seagate Technology International, as issuer, Seagate Technology and the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee					X
10.1+	Fourth Amended and Restated Seagate Technology Executive Officer Severance and Change in Control Plan	10-Q	001-31560	10.1	10/27/2011	
10.2+	Amended Seagate Technology plc 2001 Share Option Plan	10-K	001-31560	10.1	8/20/2010	
10.3+	Seagate Technology plc 2001 Share Option Plan Form of Notice of Stock Option Grant and Option Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.3	8/20/2010	

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Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
		Incorporated by Reference				
10.4(a)+	Form of Revised Indemnification Agreement between Seagate Technology and the director or officer named therein	10-Q	001-31560	10.4(b)	5/6/2009	
10.4(b)+	Form of Deed of Indemnity between Seagate Technology plc and the director or company secretary named therein	8-K	001-31560	10.1	7/29/2010	
10.5+	Seagate Technology Executive Officer Performance Bonus Plan	10-Q	001-31560	10.6	10/30/2008	
10.6+	Amended Seagate Technology plc 2004 Share Compensation Plan	10-K	001-31560	10.6	8/20/2010	
10.7+	Seagate Technology 2004 Stock Compensation Plan Form of Option Agreement (For Outside Directors)	10-Q	001-31560	10.7	11/4/2009	
10.8+	Seagate Technology 2004 Stock Compensation Plan Notice of Restricted Stock Bonus Grant (For Outside Directors)	10-Q	001-31560	10.10	11/4/2009	
10.9+	Seagate Technology plc 2004 Share Compensation Plan Form of Notice of Stock Option Grant and Option Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.13	8/20/2010	
10.10+	Seagate Technology plc Employee Stock Purchase Plan	8-K	001-31560	10.5	7/6/2010	
10.11+	Summary description of Seagate Technology plc's Compensation Policy for Non-Management Members of the Board of Directors	10-Q	001-31560	10.15	5/3/2011	
10.12+	Seagate Technology plc 2004 Share Compensation Plan Form of Notice of Performance Share Bonus Grant and Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.16	8/20/2010	
10.13+	Offer Letter, dated as of January 29, 2009, by and between Seagate Technology and Stephen J. Luczo	10-Q	001-31560	10.20	2/10/2009	
10.14+	Seagate Technology 2004 Stock Compensation Plan Form of Restricted Stock Bonus Agreement (includes Compensation Recovery Policy)	10-Q	001-31560	10.22	2/10/2009	
10.15+	Seagate Technology plc 2004 Share Compensation Plan Form of Restricted Share Unit Agreement (includes Compensation Recovery Policy)	10-Q	001-31560	10.19	11/3/2010	
10.16+	Seagate Technology plc 2004 Share Compensation Plan Form of Executive Performance Unit Award Agreement	8-K	001-31560	10.1	9/13/2010	
10.17+	Second Amendment to Seagate Deferred Compensation Plan	10-Q	001-31560	10.21	5/3/2011	
10.18+	Restated Seagate Deferred Compensation Plan	10-Q	001-31560	10.27	5/5/2010	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.19+	Seagate Deferred Compensation Sub-Plan	10-Q	001-31560	10.28	5/5/2010	
10.20	Second Lien U.S. Security Agreement dated as of May 1, 2009, among Seagate Technology International, Seagate Technology, Seagate Technology (US) Holdings, Inc., Maxtor Corporation, i365 Inc., Seagate Technology LLC and Seagate Technology HDD Holdings, as Grantors, and Wells Fargo Bank, National Association, as Collateral Agent for the Secured Parties (as defined therein)	8-K	001-31560	10.7	5/5/2009	
10.21	Second Lien U.S. Pledge Agreement dated as of May 1, 2009, among Seagate Technology, Seagate Technology (US) Holdings, Inc., Maxtor Corporation, i365 Inc., Seagate Technology LLC and Seagate Technology HDD Holdings, as Pledgors, and Wells Fargo Bank, National Association, as Collateral Agent for the Secured Parties (as defined therein)	8-K	001-31560	10.8	5/5/2009	
10.22	Second Priority Omnibus Debenture dated May 1, 2009, between Seagate Technology, Seagate Technology HDD Holdings, Seagate Technology International, Seagate Technology (Ireland) and Seagate Technology Media (Ireland), as Chargors, and Wells Fargo Bank, National Association, as Collateral Agent or Chargee	8-K	001-31560	10.9	5/5/2009	
10.23	Form of Second Priority Equitable Share Mortgage in respect of shares dated May 1, 2009, between [Seagate entity], as Mortgagor, and Wells Fargo Bank, National Association, as Collateral Agent	8-K	001-31560	10.10	5/5/2009	
10.24	Second Priority Share Charge, dated September 25, 2009, between Seagate Technology International, as chargor and Wells Fargo Bank, National Association, as collateral agent	8-K	001-31560	10.2	10/1/2009	
10.25	Second Priority Debenture, dated September 25, 2009, between Seagate Singapore International Headquarters Pte. Ltd., as chargor and Wells Fargo Bank, National Association, as collateral agent	8-K	001-31560	10.4	10/1/2009	
10.26	Supplement No.1, dated as of March 1, 2010, to the Second Lien U.S. Security Agreement, dated as of May 1, 2009, among Seagate Technology International, Seagate Technology and the other guarantors from time to time party thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	10.7	3/3/2010	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.27	Second Priority Mortgage of Shares in Seagate HDD Cayman, dated March 1, 2010, between Seagate Technology HDD Holdings, as mortgagor, and Wells Fargo Bank, National Association, as mortgagee	8-K	001-31560	10.15	3/3/2010	
10.28	Second Priority Mortgage of Shares in Seagate Technology International, dated March 1, 2010, between Seagate HDD Cayman, as mortgagor, and Wells Fargo Bank, National Association, as mortgagee	8-K	001-31560	10.17	3/3/2010	
10.29	Second Lien Debenture, dated March1, 2010, between Seagate HDD Cayman, as chargor, and Wells Fargo Bank, National Association, as chargee	8-K	001-31560	10.19	3/3/2010	
10.30	Second Priority Debenture, dated March 1, 2010, between Seagate Technology plc, as chargor, and Wells Fargo Bank, National Association, as collateral agent	8-K	001-31560	10.21	3/3/2010	
10.31	Second Priority Mortgage of Shares in Seagate Technology, dated March 1, 2010, between Seagate Technology plc, as mortgagor, and Wells Fargo Bank, National Association, as mortgagee	8-K	001-31560	10.23	3/3/2010	
10.32	Deed Poll of Assumption by Seagate Technology plc, dated July 2, 2010	8-K	001-31560	10.2	7/6/2010	
10.33	Credit Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the lending institutions thereto, The Bank of Nova Scotia, as Administrative Agent, Morgan Stanley Senior Funding, Inc., Merrill Lynch Pierce Fenner and Smith Incorporated and BNP Paribas as Syndication Agents and Wells Fargo Bank, National Association, as Documentation Agent	10-Q	001-31560	10.47	2/13/2011	
10.34	U.S. Guarantee Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Guarantor parties thereto and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.48	2/3/2011	
10.35	U.S. Security Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Guarantor parties thereto and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.49	2/3/2011	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.36	U.S. Pledge Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Subsidiary Pledgor parties thereto and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.50	2/3/2011	
10.37	Intercreditor Agreement, dated as of January 18, 2011, among The Bank of Nova Scotia, as Administrative Agent for the First Priority Secured Parties, Wells Fargo Bank, National Association, as Collateral Agent for the Second Priority Secured Parties, Seagate HDD Cayman, as Borrower, Seagate Technology International, as Second Lien Issuer, and each of the other Loan Parties thereto	10-Q	001-31560	10.51	2/3/2011	
10.38	Indemnity, Subrogation and Contribution Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Subsidiary parties thereto and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.52	2/3/2011	
10.39	Asset Purchase Agreement by and among Samsung Electronics Co., Ltd., Seagate Technology International and Seagate Technology plc dated April 19, 2011	10-Q	001-31560	10.53	8/17/2011	
10.40	Intellectual Property Agreement by and between Samsung Electronics Co., Ltd. and Seagate Technology International dated April 19, 2011	10-K	001-31560	10.54	8/17/2011	
10.41	Shareholder Agreement by and between Seagate Technology plc and Samsung Electronics Co., Ltd. dated as of April 19, 2011	10-K	001-31560	10.55	8/17/2011	
10.42+	Seagate Technology plc 2004 Share Compensation Plan Form of Executive Performance Unit Agreement	10-Q	001-31560	10.56	10/27/2011	
10.43+	Seagate Technology plc 2012 Equity Incentive Plan	10-Q	001-31560	10.57	10/27/2011	
10.44+	2012 Equity Incentive Plan Restricted Share Unit Agreement (outside directors)	10-Q	001-31560	10.56	4/30/2012	
10.45	Supplement No. 1, dated February 7, 2012, to the U.S. Guarantee Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Guarantor parties thereto and The Bank of Nova Scotia, as Administrative Agent					X

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.46	Supplement No. 1, dated February 7, 2012, to the Indemnity, Subrogation and Contribution Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Subsidiary parties thereto and The Bank of Nova Scotia, as Administrative Agent					X
10.47	Supplement No. 2, dated as of February 14, 2012, to the Second Lien U.S. Pledge Agreement, dated as of May 1, 2009, among Seagate Technology and each of the other guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Collateral Agent					X
10.48	Supplement No. 2, dated February 22, 2012, to the U.S. Guarantee Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Guarantor parties thereto and The Bank of Nova Scotia, as Administrative Agent					X
10.49	Supplement No. 2, dated February 22, 2012, to the Indemnity, Subrogation and Contribution Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Subsidiary parties thereto and The Bank of Nova Scotia, as Administrative Agent					X
10.50	Supplement No. 3, dated March 19, 2012, to the U.S. Guarantee Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Guarantor parties thereto and The Bank of Nova Scotia, as Administrative Agent					X
10.51	Supplement No. 3, dated March 19, 2012, to the Indemnity, Subrogation and Contribution Agreement, dated as of January 18, 2011, among Seagate Technology Public Limited Company, Seagate HDD Cayman, as Borrower, the Subsidiary parties thereto and The Bank of Nova Scotia, as Administrative Agent					X
10.52+	Summary description of Seagate Technology plc's Compensation Policy for Non-Management Members of the Board of Directors with an effective date of October 24, 2012					X
10.53+	Seagate Technology Public Limited Company 2012 Equity Incentive Plan Executive Performance Unit Agreement.	S-8	333-177609	99.2	10/28/2011	

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Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.54+	Seagate Technology Public Limited Company 2012 Equity Incentive Plan Restricted Share Unit Agreement.	S-8	333-177609	99.4	10/28/2011	
10.55+	Seagate Technology Public Limited Company 2012 Equity Incentive Plan Option Agreement.	S-8	333-177609	99.5+	10/28/2011	
21.1	List of Subsidiaries					X
23.1	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (see signature page to this annual report)					X
31.1	Certification of the Chief Executive Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X

+ Management contract or compensatory plan or arrangement.

The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Seagate Technology plc under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.