Seagate Technology plc
Form 10-Q
April 30, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 2012

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 Number 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)

Telephone: (353) (1) 234-3136

(Registrant s telephone number, including area code)

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 x 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 (§232.405 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 x No o

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.

Large accelerated filer: x	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 x

As of April 25, 2012, 425,234,957 shares of the registrant s ordinary shares, par value $0.00001 per share, were issued and outstanding.

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SEAGATE TECHNOLOGY PLC

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

		March 30, 2012		July 1, 2011(a)
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,638	$	2,677
Short-term investments		408		474
Restricted cash and investments		98		102
Accounts receivable, net		2,478		1,495
Inventories		841		872
Deferred income taxes		97		99
Other current assets		808		706
Total current assets		6,368		6,425
Property, equipment and leasehold improvements, net		2,179		2,245
Goodwill		464		31
Other intangible assets		541		1
Deferred income taxes		378		374
Other assets, net		134		149
Total Assets	$	10,064	$	9,225
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	2,172	$	2,063
Accrued employee compensation		262		199
Accrued warranty		221		189
Accrued expenses		499		452
Current portion of long-term debt				560
Total current liabilities		3,154		3,463
Long-term accrued warranty		154		159
Long-term accrued income taxes		80		67
Other non-current liabilities		140		121
Long-term debt, less current portion		2,862		2,952
Total Liabilities		6,390		6,762
Commitments and contingencies (See Notes 11 and 13)				

Shareholders equity:				
Ordinary shares and additional paid-in capital		4,804		3,980
Accumulated other comprehensive loss		(9)		(6)
Accumulated deficit		(1,121)		(1,511)
Total Shareholders Equity		3,674		2,463
Total Liabilities and Shareholders Equity	$	10,064	$	9,225

(a) The information in this column was derived from the Company s audited Consolidated Balance Sheet as of July 1, 2011.

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	March 30, 2012	April 1, 2011	March 30, 2012	April 1, 2011
Revenue	$ 4,450	$ 2,695	$ 10,457	$ 8,112
Cost of revenue	2,809	2,179	7,257	6,517
Product development	270	224	737	646
Marketing and administrative	142	110	388	317
Amortization of intangibles	18		20	2
Restructuring and other, net	1	3	4	14
Total operating expenses	3,240	2,516	8,406	7,496
Income from operations	1,210	179	2,051	616
Interest income	2	2	5	6
Interest expense	(59)	(59)	(185)	(151)
Other, net	6		(2)	(21)
Other expense, net	(51)	(57)	(182)	(166)
Income before income taxes	1,159	122	1,869	450
Provision for income taxes	13	29	20	58
Net income	$ 1,146	$ 93	$ 1,849	$ 392
Net income per share:				
Basic	$ 2.57	$ 0.21	$ 4.29	$ 0.85
Diluted	2.48	0.21	4.16	0.83
Number of shares used in per share calculations:				
Basic	446	437	431	459
Diluted	463	453	445	475
Cash dividends declared per share	$ 0.25	$	$ 0.61	$

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	For the Nine Months Ended March 30, 2012	For the Nine Months Ended April 1, 2011
OPERATING ACTIVITIES		
Net income	$ 1,849	$ 392
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	597	567
Share-based compensation	38	38
Loss on redemption of debt	17	26
Gain on sale of property and equipment	(18)	(4)
Gain on sale of strategic investments	(12)	
Deferred income taxes	(5)	35
Other non-cash operating activities, net	7	(1)
Changes in operating assets and liabilities:		
Accounts receivable, net	(983)	7
Inventories	167	(77)
Accounts payable	191	181
Accrued employee compensation	63	(127)
Accrued expenses, income taxes and warranty	(28)	(10)
Other assets and liabilities	(66)	(80)
Net cash provided by operating activities	1,817	947
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(497)	(685)
Proceeds from the sale of property and equipment	11	2
Purchases of short-term investments	(382)	(208)
Sales of short-term investments	330	118
Maturities of short-term investments	118	59
Cash used in acquisition of Samsung HDD assets and liabilities	(561)	
Change in restricted cash and investments	4	13
Other investing activities, net	12	(2)
Net cash used in investing activities	(965)	(703)
FINANCING ACTIVITIES		
Repayments of long-term debt and capital lease obligations	(670)	(377)
Net proceeds from issuance of long-term debt		736
Repurchases of ordinary shares	(1,172)	(710)
Proceeds from issuance of ordinary shares under employee stock plans	214	48
Dividends to shareholders	(266)	
Other financing activities, net	3	(3)
Net cash used in financing activities	(1,891)	(306)
Decrease in cash and cash equivalents	(1,039)	(62)
Cash and cash equivalents at the beginning of the period	2,677	2,263

Cash and cash equivalents at the end of the period	$	1,638	$	2,201

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

For the Nine Months Ended March 30, 2012

(In millions)

(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
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				(3)		(3)
Change in unrealized loss on marketable securities, net				1		1
Change in unrealized loss on post-retirement plan costs				(1)		(1)
Net income					1,849	1,849
Comprehensive income						1,846
Issuance of ordinary shares under employee stock plans	19		214			214
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			3			3
Repurchases of ordinary shares	(56)				(1,196)	(1,196)
Dividends to shareholders					(263)	(263)
Share-based compensation			38			38
Balance at March 30, 2012	433	$	$ 4,804	$ (9)	$ (1,121)	$ 3,674

See Notes to Condensed Consolidated Financial Statements.

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1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

The Company designs, manufactures, markets and sells hard disk drives. Hard disk drives, which are commonly referred to as disk drives or hard drives, are used as the primary medium for storing electronic data. The Company produces a broad range of disk drive products addressing enterprise applications, where its products are primarily used in enterprise servers, mainframes and workstations; client compute applications, where its products are used in desktop and notebook computers; and client non-compute applications, where its products are used in a wide variety of end user devices such as digital video recorders (DVRs), personal data backup systems, portable external storage systems and digital media systems. The Company sells its disk drives 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 unaudited condensed 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. Such adjustments are of a normal and recurring nature. The Company s Consolidated Financial Statements for the fiscal year ended July 1, 2011, are included in its Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission (SEC) on August 17, 2011. The Company believes that the disclosures included in the unaudited Condensed Consolidated Financial Statements, when read in conjunction with its Consolidated Financial Statements as of July 1, 2011, and the notes thereto, are adequate to make the information presented not misleading.

The results of operations for the three and nine months ended March 30, 2012, are not necessarily indicative of the results of operations to be expected for any subsequent interim period in the Company s fiscal year ending June 29, 2012The Company operates and reports financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. The three and nine months ended March 30, 2012 and April 1, 2011 consisted of 13 weeks and 39 weeks, respectively. Fiscal year 2012 will be comprised of 52 weeks and will end on June 29, 2012.

Summary of Significant Accounting Policies

Since the Company s fiscal year ended July 1, 2011, there have been no significant changes in the Company s significant accounting policies other than the policy for testing impairment of goodwill discussed below. Please refer to Note 1 of Financial Statements and Supplementary Data contained in Part II, Item 8 of the Company s Annual Report on Form 10-K for the fiscal year ended July 1, 2011, as filed with the SEC on August 17, 2011, for a discussion of the Company s other significant accounting policies.

Impairment of Goodwill and Other Long-lived Assets In September 2011, the FASB issued ASU No. 2011-08, *Intangibles Goodwill and Other (ASC Topic 350) Testing Goodwill for Impairment.* The ASU allows companies the option to 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. The Company has early adopted the ASU in the first quarter of fiscal year 2012. As required by the new ASU, the Company tests goodwill of its reporting units for impairment 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, including goodwill.

Recently Issued 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 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.

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2. Balance Sheet Information

Investments

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 securities held for its non-qualified deferred compensation plan, which are classified as trading securities, the Company classifies its investment portfolio as available-for-sale. The Company recognizes its available-for-sale investments 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.

As of March 30, 2012, the Company s Restricted cash and investments consisted of $78 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 equivalents 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.

The following table summarizes, by major type, the fair value and amortized cost of the Company s investments as of March 30, 2012:

(Dollars in millions)	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Available-for-sale securities:			
Money market funds	$ 1,133	$	$ 1,133
Commercial paper	363		363
Corporate bonds	207		207
U.S. treasuries and agency bonds	94	1	95
Auction rate securities	17	(2)	15
Other debt securities	109		109
	1,923	(1)	1,922
Trading securities	76	2	78
Total	$ 1,999	$ 1	$ 2,000
Included in Cash and cash equivalents			$ 1,479
Included in Short-term investments			408
Included in Restricted cash and investments			98
Included in Other assets, net			15
Total			$ 2,000

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 March 30, 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. Given the uncertainty as to when the liquidity issues associated with these securities will improve, these securities are classified within Other assets, net in the Company s Condensed Consolidated Balance Sheets.

As of March 30, 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 March 30, 2012.

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The fair value and amortized cost of the Company s investments classified as available-for-sale at March 30, 2012, by remaining contractual maturity were as follows:

(Dollars in millions)		Amortized Cost		Fair Value
Due in less than 1 year	$	1,565	$	1,565
Due in 1 to 5 years		341		342
Thereafter		17		15
Total	$	1,923	$	1,922

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.

Inventories

(Dollars in millions)		March 30, 2012		July 1, 2011
Raw materials and components	$	366	$	286
Work-in-process		273		201
Finished goods		202		385
	$	841	$	872

Other Current Assets

(Dollars in millions)		**March 30, 2012**		**July 1, 2011**
Vendor non-trade receivables	$	647	$	519
Other		161		187
	$	808	$	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.

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Property, Equipment and Leasehold Improvements, net

(Dollars in millions)		March 30, 2012		July 1, 2011
Property, equipment and leasehold improvements	$	7,799	$	7,383
Accumulated depreciation and amortization		(5,620)		(5,138)
	$	2,179	$	2,245

3. Debt

Short-Term Borrowings

On January 18, 2011, the Company and its subsidiary, Seagate HDD Cayman (the Borrower), 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 $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 March 30, 2012, no borrowings have been drawn under the revolving credit facility, and $4 million had been utilized for letters of credit.

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). The interest on the 2014 Notes is payable semi-annually on May 1 and November 1 of each year. The issuer under the 2014 Notes is Seagate Technology International, and 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. During the first nine months of 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 redemptions of approximately $12 million and $17 million for the three and nine months ended March 30, 2012, respectively, which is included in Other, net in the Company s Condensed Consolidated Statements of Operations.

$600 Million Aggregate Principal Amount of 6.8% Senior Notes due October 2016 (the 2016 Notes). 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.

$750 Million Aggregate Principal Amount of 7.75% Senior Notes due December 2018 (the 2018 Notes). The interest on the 2018 Notes is payable semi-annually on June 15 and December 15 of each year. The issuer under the 2018 Notes is Seagate Technology HDD Cayman and the obligations under the 2018 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by certain of the Company s significant subsidiaries.

$600 Million Aggregate Principal Amount of 6.875% Senior Notes due May 2020 (the 2020 Notes). The interest on the 2020 Notes is payable semi-annually on May 1 and November 1 of each year. The issuer under the 2020 Notes is Seagate Technology HDD Cayman, and the obligations under the 2020 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by the Company.

$600 Million Aggregate Principal Amount of 7.00% Senior Notes due November 2021 (the 2021 Notes). The interest on the 2021 Notes is payable semi-annually on January 1 and July 1 of each year. The issuer under the 2018 Notes is Seagate Technology HDD Cayman and the obligations under the 2021 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by certain of the Company s significant subsidiaries.

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At March 30, 2012, future principal payments on long-term debt were as follows (in millions):

Fiscal Year		
2012	$	
2013		
2014		319
2015		
2016		
Thereafter		2,550
	$	2,869

4. Income Taxes

The Company recorded an income tax provision of $13 million and $20 million for the three and nine months ended March 30, 2012, respectively. The income tax provision recorded for the nine months ended March 30, 2012 included approximately $10 million of discrete tax benefits from the reversal of a portion of the U.S. valuation allowance recorded in prior periods and the release of income tax reserves associated with the expiration of certain statutes of limitation.

The Company s income tax provision recorded for the three and nine months ended March 30, 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, (ii) a decrease in valuation allowance for certain U.S. deferred tax assets, and (iii) the release of tax reserves associated with the expiration of certain statutes of limitation.

The Company recorded an income tax provision of $29 million and $58 million for the three and nine months ended April 1, 2011, respectively. The income tax provision for the three and nine months ended April 1, 2011 included approximately $15 million and $4 million, respectively, of net discrete charges, primarily related to increases in income tax reserves recorded for non-U.S. income tax positions taken in prior fiscal years partially offset by the release of income tax reserves associated with settlements of income tax audits and the expiration of certain statutes of limitations. In addition, the nine month period ended April 1, 2011 included an $11 million discrete income tax benefit from the loss recognized in the three months ended October 1, 2010 on the redemption of debt which was offset by a corresponding increase in the valuation allowance for U.S. deferred tax assets.

The Company s provision for income taxes recorded for the three and nine months ended April 1, 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 jurisdiction 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) an increase in valuation allowance for U.S. deferred tax assets, and (iv) income tax reserves related to non-U.S. tax positions taken in prior fiscal years and the release of income tax reserves from settlements of income tax audits and the expiration of certain statutes of limitations.

5. 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 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.

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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		(46)
Total liabilities assumed		(118)
Net identifiable assets acquired		707
Goodwill		433
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 three months ended March 31, 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 $4 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 $3 million increase in Other liabilities related to certain assumed vendor obligations. These adjustments were based on information obtained in the current quarter about facts and circumstances that existed at the acquisition date.

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 $433 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.

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The Company incurred $2 million and $31 million of expenses related to the acquisition of Samsung for the three and nine months ended March 30, 2012, which are included within Marketing and administrative expense on the Condensed Consolidated Statement of Operations.

The amounts of revenue and earnings of the acquired assets of Samsung s HDD business included in the Company s Condensed Consolidated Statement of Operations from the acquisition date during the three and nine months ended March 30, 2012, were as follows:

(Dollars in millions)	For the Three Months Ended	For the Nine Months Ended
Revenue	$ 448	$ 484
Net income	66	61

The unaudited pro forma financial results presented below for the three and nine months ended March 30, 2012 and April 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 three and nine months ended March 30, 2012 and April 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 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.

	For the Three Months Ended		For the Nine Months Ended	
(Dollars in millions)	March 30, 2012	April 1, 2011	March 30, 2012	April 1, 2011
Revenue	$ 4,450	$ 3,392	$ 11,631	$ 10,351
Net income	1,146	38	1,748	308

The pro forma results for the three and nine months ended March 30, 2012, include adjustments of $0 and $65 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. The pro forma results for the three and nine months ended April 1, 2011, include adjustments of $29 and $85 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.

6. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the nine months ended March 30, 2012, are as follows:

(Dollars in millions)	
Balance as of July 1, 2011	$ 31
Goodwill acquired (1)	433
Balance as of March 30, 2012	$ 464

(1) During the three months ended March 30, 2012, the Company recorded adjustments that resulted in a net decrease in goodwill acquired of $4 million. For further information on these adjustments, see Note 5. Acquisitions.

The carrying value of other intangible assets subject to amortization as of March 30, 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	$ (19)	$ 118	1.7 years
Customer relationships	399	(20)	379	5.5 years
Total amortizable other intangible assets	$ 536	$ (39)	$ 497	4.6 years

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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 March 30, 2012 and July 1, 2011, respectively.

For the three and nine months ended March 30, 2012, amortization expense of other intangible assets was $35 million and $40 million, respectively. For the three and nine months ended April 1, 2011, amortization expense of other intangible assets was $1 million and $6 million, respectively. As of March 30, 2012, expected amortization expense for other intangible assets for each of the next five years and thereafter is as follows:

(Dollars in millions)	
Remainder of 2012	$ 35
2013	139
2014	102
2015	70
2016	64
Thereafter	87
	$ 497

7. 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 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 Condensed Consolidated Balance Sheets at fair value. The changes in the fair values of the effective portions of designated cash flow hedges are recorded in Accumulated other comprehensive 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. As of March 30, 2012 and July 1, 2011, the Company had a net unrealized loss of $1 million and a net unrealized gain of $2 million, respectively, on cash flow hedges.

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 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 the three and nine months ended March 30, 2012 and April 1, 2011. As of March 30, 2012, the Company s existing foreign currency forward exchange contracts mature within 12 months. The deferred amount currently recorded in Accumulated other comprehensive loss and expected to be recognized into earnings over the next 12 months is a net loss of $1 million.

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The following tables show the total notional value of the Company s outstanding foreign currency forward exchange contracts as of March 30, 2012 and July 1, 2011:

	As of March 30, 2012			
(Dollars in millions)		**Contracts Designated as Hedges**		**Contracts Not Designated as Hedges**
Thai baht	$		$	123
Singapore dollars		50		10
Chinese renminbi		14		
Czech koruna				15
	$	64	$	148

	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 following table shows the Company s derivative instruments measured at fair value as reflected in the Condensed Consolidated Balance Sheet as of March 30, 2012:

Fair Values of Derivative Instruments as of March 30, 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	$	(1)
Derivatives not designated as hedging instruments:						
Foreign currency forward exchange contracts	Other current assets			Accrued expenses		(2)
Total derivatives		$			$	(3)

The following table shows the Company s derivative instruments measured at fair value as reflected in the Condensed Consolidated Balance Sheet as of July 1, 2011:

Fair Values of Derivative Instruments 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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The following tables show the effect of the Company s derivative instruments on Other comprehensive income (OCI) and the Condensed Consolidated Statement of Operations for the three and nine months ended March 30, 2012:

(Dollars in millions)

	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)	
Derivatives Designated as Cash Flow Hedges	**For the Three Months**	**For the Nine Months**		**For the Three Months**	**For the Nine Months**		**For the Three Months**	**For the Nine Months**
Foreign currency forward exchange contracts	$ 4	$ (7)	Cost of revenue	$	$ (4)	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 For the Three Months**	**For the Nine Months**
Foreign currency forward exchange contracts	Other, net	$ 3	$ (1)

(a) The amount of gain or (loss) recognized in income represents $0 related to the ineffective portion of the hedging relationship for the three and nine months ended March 30, 2012. The amounts excluded from the assessment of hedge effectiveness, for the three and nine months ended March 30, 2012, were a gain of $1 million and $0, respectively.

The following tables show the effect of the Company s derivative instruments on Other comprehensive income (OCI) and the Condensed Consolidated Statement of Operations for the three and nine months ended April 1, 2011:

(Dollars in millions)

	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)	
Derivatives Designated as Cash Flow Hedges	**For the Three Months**	**For the Nine Months**		**For the Three Months**	**For the Nine Months**		**For the Three Months**	**For the Nine Months**
Foreign currency forward exchange contracts	$ (2)	$ 35	Cost of revenue	$ 10	$ 32	Cost of revenue	$ (2)	$ (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 For the Three Months		Amount of Gain or (Loss) Recognized in Income on Derivative For the Nine Months	
Foreign currency forward exchange contracts	Other, net	$	(1)	$	19
Total return swap	Operating expenses		1		14
		$		$	33

(a) The amount of gain or (loss) recognized in income represents $0 related to the ineffective portion of the hedging relationship for both the three and nine months ended April 1, 2011. The amounts excluded from the assessment of hedge effectiveness, for the three and nine months ended April 1, 2011, were losses of $2 million and $1 million, respectively.

8. 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:

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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.

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 March 30, 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:				
Commercial paper	$	$ 363	$	$ 363
Money market funds	1,115			1,115
U.S. treasuries and agency bonds		95		95
Corporate bonds		207		207
Other debt securities		107		107
Total cash equivalents and short-term investments	1,115	772		1,887
Restricted cash and investments:				
Mutual funds	71			71
Other debt securities	25	2		27
Auction rate securities			15	15
Total assets	$ 1,211	$ 774	$ 15	$ 2,000
Liabilities:				
Derivative liabilities	$	$ 3	$	$ 3
Total liabilities	$	$ 3	$	$ 3

(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	$ 1,115	$ 364	$	$ 1,479
Short-term investments		408		408
Restricted cash and investments	96	2		98
Other assets, net			15	15
Total assets	$ 1,211	$ 774	$ 15	$ 2,000
Liabilities:				
Accrued expenses	$	$ 3	$	$ 3
Total liabilities	$	$ 3	$	$ 3

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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:

	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:				
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)

	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, certificates of deposit, international government securities, asset backed securities, mortgage backed securities 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 March 30, 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 condensed 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.

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The Company s Level 3 assets consist of 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 fiscal year 2008, these securities failed to settle at auction and have continued to fail through March 30, 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.

The table below presents a reconciliation of assets measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the nine months ended March 30, 2012:

(Dollars in millions)	**Auction Rate Securities**
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 March 30, 2012	$ 15

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

(2) Unrealized gains (losses) on auction rate securities are recorded as a separate component of Other 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

	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

The Company enters into certain strategic investments for the promotion of business and strategic objectives. Strategic investments are included in Other assets, net in the Condensed 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 March 30, 2012 and July 1, 2011 totaled $21 million and $27 million, respectively. The Company sold certain strategic investments during the nine months ended March 30, 2012, and recorded a gain of $12 million in Other, net in the Condensed Consolidated Statements of Operations for the three and nine months ended March 30, 2012.

There were no impairment charges recognized for the three months ended March 30, 2012. During the first quarter of fiscal year 2012, the Company determined that an equity investment accounted for under the cost method was other-than-temporarily impaired, and recognized a charge of $7 million, in order to write down the carrying amount of the investment to its estimated fair value. The amount was recorded in Other, net in the Condensed Consolidated Statements of Operations. There were no impairment charges recognized for the three and nine months ended April 1, 2011. 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 Company s applicable portion of the fair value of its underlying intellectual property assets at the end of the third quarter of fiscal 2012.

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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:

(Dollars in millions)	March 30, 2012 Carrying Amount	March 30, 2012 Estimated Fair Value	July 1, 2011 Carrying Amount	July 1, 2011 Estimated Fair Value
Capital Lease	$	$	$ 1	$ 1
6.375% Senior Notes due October 2011			559	561
10.0% Senior Secured Second-Priority Notes due May 2014	313	363	403	481
6.8% Senior Notes due October 2016	599	660	599	647
7.75% Senior Notes due December 2018	750	825	750	780
6.875% Senior Notes due May 2020	600	639	600	591
7.00% Senior Notes due November 2021	600	651	600	598
	2,862	3,138	3,512	3,659
Less short-term borrowings and current portion of long-term debt			(560)	(562)
Long-term debt, less current portion	$ 2,862	$ 3,138	$ 2,952	$ 3,097

9. 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 433,259,918 shares were outstanding as of March 30, 2012, and 100,000,000 preferred shares, par value $0.00001, of which none were issued or outstanding as of March 30, 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.

Issuance of Ordinary Shares

During the nine months ended March 30, 2012, the Company issued approximately 19 million of its ordinary shares from the exercise of stock options, release of restricted units and performance shares, and approximately 45 million of its ordinary shares in connection with the Samsung HDD acquisition.

Repurchases of Equity Securities

On January 27, 2010, the Board of Directors authorized an Anti-Dilution Share Repurchase Program (the January 2010 Anti-Dilution Share Repurchase Program). The January 2010 Anti-Dilution Share Repurchase Program authorized the Company to repurchase its ordinary shares to offset increases in diluted shares, such as those caused by employee stock plans, used in the determination of diluted net income per share. The Board of Directors authorized the Company to terminate the January 2010 Anti-Dilution Share Repurchase Program, effective April 26, 2012.

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On November 29, 2010, the Board of Directors authorized the Company to repurchase an additional $2 billion of its outstanding ordinary shares (the November 2010 Share Repurchase Program).

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

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

The following tables set forth information with respect to repurchase of the Company s shares made during the current fiscal year for each of the Company s repurchase programs:

January 2010 Anti-Dilution Share Repurchase Program

(In millions)	**Number of Shares Repurchased**		**Dollar Value of Shares Repurchased**
Cumulative repurchased through July 1, 2011	53	$	889
Cumulative repurchased through March 30, 2012	53	$	889

November 2010 Share Repurchase Program

(In millions)	**Number of Shares Repurchased**		**Dollar Value of Shares Repurchased**
Cumulative repurchased through July 1, 2011	36	$	517
Repurchased in fiscal year 2012	56		1,196
Cumulative repurchased through March 30, 2012	92	$	1,713

January 2012 Share Repurchase Program

(In millions)	**Number of Shares Repurchased**		**Dollar Value of Shares Repurchased**
Repurchased in fiscal year 2012		$	
Cumulative repurchased through March 30, 2012		$	

10. Compensation

The Company recorded approximately $12 million and $38 million of stock-based compensation during the three and nine months ended March 30, 2012, respectively. The Company recorded approximately $12 million and $38 million of stock-based compensation during the three and nine months ended April 1, 2011, respectively.

Seagate Technology plc 2004 Share Compensation Plan (the SCP). 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.

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 any shares in respect of awards previously granted under the SCP that expire, are cancelled or are forfeited) (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 units (collectively, 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 March 30, 2012, there were approximately 36.9 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.

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11. Guarantees

Indemnifications to Officers and Directors

On May 4, 2009, the Company entered into a new form of indemnification agreement (the Revised Indemnification Agreement) with its officers and directors of the Company and its subsidiaries (each, an Indemnitee). The Revised Indemnification Agreement provides indemnification in addition to any of Indemnitee s indemnification rights under the Company 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 the Company or any of its subsidiaries, arising out of his or her service as a director, officer, employee or agent of the Company or any of its subsidiaries or of any other entity to which he or she provides services at the Company 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 the Company or the applicable subsidiary of the Company 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 the Company or the applicable subsidiary of the Company. In addition, the Revised Indemnification Agreement provides that the Company 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. A subsidiary of the Company has also entered into a deed of indemnity on similar terms to the Revised Indemnification Agreement with certain of its officers and directors. The nature of the 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 repair or replacement costs and uses statistical modeling to estimate product return rates in order to determine its warranty obligation. In addition, estimated settlements for customer compensatory claims relating to product quality issues, if any, are accrued as warranty expense. Changes in the Company s product warranty liability during the three and nine months ended March 30, 2012 and April 1, 2011, were as follows:

Balance, beginning of period	$ 401	$ 367	$ 348	$ 372
Warranties issued	41	54	126	151
Repairs and replacements	(87)	(53)	(212)	(152)
Changes in liability for pre-existing warranties, including expirations	17	(7)	41	(10)
Warranty liability assumed from Samsung HDD business	3		72	
Balance, end of period	$ 375	$ 361	$ 375	$ 361

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12. Earnings Per Share

Basic earnings per share is computed by dividing income available to shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed by dividing income available to shareholders by the weighted-average number of shares outstanding during the period and the number of additional shares that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding options, shares to be purchased under the ESPP, and unvested restricted stock units. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method. Under the treasury stock method, an increase in fair market value of the Company s share price can result in a greater dilutive effect from potentially dilutive securities. The following table sets forth the computation of basic and diluted net income per share:

[redacted]				
Numerator:				
Net income	$ 1,146	$ 93	$ 1,849	$ 392
Number of shares used in per share calculations:				
Total shares for purpose of calculating basic net income per share	446	437	431	459
Weighted-average effect of dilutive securities:				
Employee equity award plans	17	16	14	16
Dilutive potential shares:	17	16	14	16
Total shares for purpose of calculating diluted net income per share	463	453	445	475
Net income per share:				
Basic net income per share	$ 2.57	$ 0.21	$ 4.29	$ 0.85
Diluted net income per share	$ 2.48	$ 0.21	$ 4.16	$ 0.83

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

	For the Three Months Ended		**For the Nine Months Ended**	
(In millions)	**March 30, 2012**	**April 1, 2011**	**March 30, 2012**	**April 1, 2011**
Employee equity award plans		15	9	18

13. 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.

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. 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.

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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.

Siemens, AG v. Seagate Technology (Ireland) On December 2, 2008, Siemens served Seagate Technology (Ireland), an indirect wholly-owned subsidiary of Seagate Technology, with a writ of summons alleging infringement of European Patent (UK) No. 0 674 769 (the EU 769 patent), which is the European counterpart to U.S. Patent No. 5,686,838 upon which Siemens had sued Seagate Technology in the U.S. The suit was filed in the High Court of Justice in Northern Ireland, Chancery Division. Siemens alleges that giant magnetoresistive (GMR), tunnel magnetoresistive (TMR), and tunnel giant magnetoresistive (TGMR) products designed and manufactured by Seagate Technology (Ireland) infringe the EU 769 patent. On January 30, 2012, the parties entered into a confidential settlement to resolve 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 April 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.

Siemens GmbH v. Seagate Technology (Germany) On March 26, 2010, Siemens commenced proceedings against Seagate Technology GmbH, the Netherlands branch office of Seagate Technology International, and Seagate Technology LLC in the Dusseldorf District Court in Germany. The complaint alleges infringement of European Patent Number 0 674 769 (the EU 769 Patent), which corresponds to the patent in suit in the U.S. and Northern Ireland Siemens litigations. Siemens seeks a declaration that the EU 769 Patent is infringed by GMR and TMR products, removal of all infringing inventory, damages in an unstated amount, and costs. On January 30, 2012, the parties entered into a confidential settlement to resolve 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 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. The Administrative Law Judge s initial determination (ID) was issued on March 2, 2012, finding no violation of Section 337 by Seagate or the other respondents. On March 19, 2012, Rambus filed a petition for review of the ID. In light of the March 2, 2012 ID 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.

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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.

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.

14. Subsequent Events

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. In addition, the Board of Directors authorized the Company to terminate the January 2010 Anti-Dilution Share Repurchase Program, effective April 26, 2012.

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ITEM 2. 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 our fiscal quarters ended March 30, 2012, December 30, 2011 and April 1, 2011, referred to herein as the March 2012 quarter , the December 2011 quarter and the March 2011 quarter , respectively. Unless the context indicates otherwise, as used herein, the terms we, us, Seagate, the Company and our refer to Seagate Technology plc, an Irish public limited company, and its subsidiaries. References to $ are to United States dollars.

You should read this discussion in conjunction with financial information and related notes included elsewhere in this report. We operate and report financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. The March 2012, December 2011, and March 2011 quarters were all 13 weeks. 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 Quarterly Report on Form 10-Q 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 quarter ending March 30, 2012 (the March 2012 quarter) 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 report. Current expectations, forecasts and assumptions involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties and other factors may be beyond our control. In particular, the uncertainty in global economic conditions continues to pose a risk to our operating and financial performance as consumers and businesses may defer purchases in response to tighter credit and negative financial news. Such risks and uncertainties also include, but are not limited to, the impact of the variable demand and the 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 Severe Flooding in Thailand below) and the industry s ability to recover from such disruption, which may pose a risk to the Company s operating and financial condition. We also encourage you to read our Annual Report on Form 10-K for the year ended July 1, 2011 and our quarterly reports on Form 10-Q for the quarters ended September 30, 2011 and December 30, 2011, which contain information concerning risks, uncertainties and other factors that could cause results to differ materially from those projected in the forward-looking statements and this Form 10-Q. 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.

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

- *Our Company.* Overview of our business.
- *Overview of the March 2012 quarter.* The March 2012 quarter summary and trends.

- *Results of Operations.* An analysis of our financial results comparing the March 2012 quarter to the December 2011 quarter and the March 2011 quarter.

- *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.

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

Our Company

We are the world s leading provider of hard disk drives based on revenue. We design, manufacture, market and sell hard disk drives. Hard disk drives, commonly referred to as disk drives, hard drives or HDDs, are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. The performance attributes of disk drives, including their cost effectiveness and high storage capacities, have resulted in disk drives being used as the primary medium for storing electronic data.

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We produce a broad range of disk drive 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), 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.

Overview of the March 2012 Quarter

Our operating performance during the March 2012 quarter continues to be impacted by the disruptions to our industry s supply chain due to the severe flooding in Thailand in October 2011. Given the continued constrained supply of HDDs, the sales pricing environment was favorable and resulted in an overall increase in our average selling price (ASP) to $73 in the March 2012 quarter, up from $67 in the December 2011 quarter. We shipped 60.7 million units during the quarter, which included a full quarter of Samsung labeled HDD products, generating $4.4 billion in revenue and $938 million in operating cash flow. Additionally, we spent about $1 billion to repurchase approximately 43 million of our ordinary shares during the quarter.

Severe Flooding in Thailand

In early October 2011, dike breakages north of Bangkok, Thailand resulted in severe flooding. Floodwaters 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 within the HDD supply chain.

Even though the HDD supply chain was significantly impacted by the severe flooding, our component and drive assembly factories in Thailand were not directly affected by the flood, and continue to be fully operational. However, seven of our ten largest component suppliers had some of their factories inundated, which led to shortages of some critical components. Despite the severity of the flooding in October 2011, the industry s ability to manufacture and ship drives has continued to recover through the end of the current quarter. As such, in the March 2012 quarter, we shipped 60.7 million units, and we believe total shipments in the industry were between 140 and 145 million units, which were less than unconstrained demand but represent an increase from 120 million units shipped in the previous quarter. Despite the continued recovery from the structural damage to the supply chain, the industry exited the March 2012 quarter with unmet exabyte demand.

Industry Supply Balance

From time to time the disk drive 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. During the March 2012 quarter we believe demand exceeded supply due to the continued impact from the 2011 flooding in Thailand, resulting in benign price erosion across our product lines.

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 HDD s. 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 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 the remaining balance settled in cash.

Upon the closing of the transactions contemplated by the APA, the Shareholder Agreement entered into with Samsung, as previously described in our Current Report on Form 8-K filed on April 19, 2011, and filed as an exhibit to our Annual Report on Form 10-K for the fiscal year ended July 1, 2011 filed on August 17, 2011, became effective. Among other things, the Shareholder Agreement provides that Samsung shall have the right to designate one representative to our Board of Directors so long as Samsung and its affiliates continue to hold at least 7% of our outstanding ordinary shares.

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In addition, we agreed, subject to certain exceptions set forth in the Shareholder Agreement, to file a registration statement on or prior to one year following the date of acquisition in order to register the ordinary shares issued to Samsung.

The acquisition is expected to increase our manufacturing capacity and product development expense going forward. We also expect to incur additional incremental integration costs relating to the acquisition.

Results of Operations

We list in the table below the Condensed Consolidated Statements of Operations by dollars and as a percentage of revenue for the periods indicated.

(Dollars in millions)	For the Three Months Ended March 30, 2012	December 30, 2011	April 1, 2011	For the Nine Months Ended March 30, 2012	April 1, 2011
Revenue	$ 4,450	$ 3,195	$ 2,695	$ 10,457	$ 8,112
Cost of revenue	2,809	2,185	2,179	7,257	6,517
Gross margin	1,641	1,010	516	3,200	1,595
Product development	270	259	224	737	646
Marketing and administrative	142	141	110	388	317
Amortization of intangibles	18	2		20	2
Restructuring and other, net	1	3	3	4	14
Income from operations	1,210	605	179	2,051	616
Other income (expense), net	(51)	(47)	(57)	(182)	(166)
Income before income taxes	1,159	558	122	1,869	450
Provision for (benefit from) income taxes	13	(5)	29	20	58
Net income	$ 1,146	$ 563	$ 93	$ 1,849	$ 392

(Dollars in millions)	For the Three Months Ended March 30, 2012	December 30, 2011	April 1, 2011	For the Nine Months Ended March 30, 2012	April 1, 2011
Revenue	100%	100%	100%	100%	100%
Cost of revenue	63	68	81	69	80
Gross margin	37	32	19	31	20
Product development	6	8	8	7	8
Marketing and administrative	3	4	4	4	4
Amortization of intangibles					
Restructuring and other, net					
Income from operations	27	19	7	20	8
Other income (expense), net	(1)	(1)	(2)	(2)	(2)
Income before income taxes	26	18	5	18	6
Provision for (benefit from) income taxes			1		1
Net income	26%	18%	4%	18%	5%

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Revenue

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

(In millions, except percentages and ASPs)	For the Three Months Ended March 30, 2012	December 30, 2011	April 1, 2011	For the Nine Months Ended March 30, 2012	April 1, 2011
Net Revenue	$ 4,450	$ 3,195	$ 2,695	$ 10,457	$ 8,112
Unit Shipments:					
Enterprise	7.4	6.4	7.4	20.7	21.4
Client Compute	43.8	32.7	32.0	109.8	96.8
Client Non-Compute	9.5	7.8	9.3	27.8	28.6
Total Units Shipped	60.7	46.9	48.7	158.3	146.8
Industry Units Shipped	145.3	120.3	159.8	441.4	491.2
ASPs (per unit)	73	67	55	65	55
Revenues by Channel (%)					
OEMs	73%	72%	67%	71%	69%
Distributors	21%	20%	23%	22%	22%
Retailers	6%	8%	10%	7%	9%
Revenues by Geography (%)					
Americas	26%	26%	29%	26%	29%
EMEA	19%	19%	21%	20%	21%
Asia Pacific	55%	55%	50%	54%	50%

We generated revenue of $4.4 billion in the March 2012 quarter, shipping 60.7 million units with an ASP of $73 per unit. Revenue increased over the December 2011 quarter and the March 2011 quarter due to higher volumes, which included a full quarter of Samsung labeled HDD products, and benign price erosion.

We maintain various sales programs such as point-of-sale rebates, sales price adjustments and price protection, aimed at increasing customer demand. During the March 2012 quarter, sales programs were approximately 3.9% of gross revenue, lower than our historical range of 6%-12%. To the extent that there remains unmet demand, we would expect to continue to see lower sales programs as compared to our historical range. Adjustments to revenues due to under or over accruals for sales programs related to revenues reported in prior quarterly periods have averaged 0.5% of quarterly gross revenue for fiscal years 2010 and 2011, and were not material in the March 2012 quarter.

Cost of Revenue and Gross Margin

(Dollars in millions)	For the Three Months Ended March 30, 2012	December 30, 2011	April 1, 2011	For the Nine Months Ended March 30, 2012	April 1, 2011
Cost of revenue	$ 2,809	$ 2,185	$ 2,179	$ 7,257	$ 6,517
Gross margin	1,641	1,010	516	3,200	1,595

Gross margin percentage	37%	32%	19%	31%	20%

Gross margins as a percentage of revenue increased from the December 2011 quarter and the March 2011 quarter due to the full quarter impact of improved pricing.

In the March 2012 quarter, total warranty cost was 1.3% of revenue and net unfavorable changes in estimates of prior warranty accruals as a percentage of revenue approximated 0.4% of revenue. Warranty cost related to new shipments was 0.9% of revenue compared to 1.3% in the December 2011 quarter. In January 2012, we shortened the standard warranty term for a number of our products. The improvement in our warranty cost related to new shipments in the current quarter was primarily due to this change in business terms and is anticipated to reduce our warranty costs going forward.

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Operating Expenses

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	**March 30, 2012**	**December 30, 2011**	**April 1, 2011**	**March 30, 2012**	**April 1, 2011**
Product development	$ 270	$ 259	$ 224	$ 737	$ 646
Marketing and administrative	142	141	110	388	317
Amortization of intangibles	18	2		20	2
Restructuring and other, net	1	3	3	4	14
Operating expenses	$ 431	$ 405	$ 337	$ 1,149	$ 979

Product development expense. Product development expense for the March 2012 quarter increased by approximately 4% over the December 2011 quarter, primarily due to the accrual of the 2012 Voluntary Early Retirement Program (2012 VERP) that was offered to certain employees in the March 2012 quarter and a full quarter of expenses for the acquired Samsung HDD business, partially offset by a decrease in variable compensation related to a cumulative increase recorded in the December 2011 quarter due to improved forecasted operating performance for fiscal 2012. Product development expense for the March 2012 quarter increased 21% from the same period in fiscal year 2011 primarily due to a full quarter of expenses for the acquired Samsung HDD business, an increase in variable compensation and the accrual of the 2012 VERP.

Product development expense for the nine months ended March 30, 2012 increased by approximately 14% over the nine months ended April 1, 2011, primarily due to an increase in variable compensation, to start-up expenses for the acquired Samsung HDD business and the accrual of the 2012 VERP.

Marketing and administrative expense. Marketing and administrative expense for the March 2012 quarter remained flat over the December 2011 quarter, reflecting the accrual of the 2012 VERP and other payroll related increases, offset by a decrease in professional services due to the completion of the Samsung acquisition. Marketing and administrative expense for the March 2012 quarter increased by about 29% over the same period in fiscal year 2011, primarily due to an increase in variable compensation and the accrual of the 2012 VERP.

Marketing and administrative expense for the nine months ended March 30, 2012 increased by approximately 22% over the nine months ended April 1, 2011, reflecting increases in variable compensation and the accrual of the 2012 VERP. .

Amortization of intangibles. Amortization expense of intangible assets increased as a result of the acquisition of Samsung s HDD business and a full quarter of amortization expense recognized in the March 2012 quarter.

Restructuring and other, net. Restructuring and other, net for the three and nine months ended March 30, 2012, and April 1, 2011, were primarily related to previously announced restructuring plans.

Other income (expense), net

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	**March 30, 2012**	**December 30, 2011**	**April 1, 2011**	**March 30, 2012**	**April 1, 2011**
Other expense, net	$ (51)	$ (47)	$ (57)	$ (182)	$ (166)

Other expense, net for the March 2012 quarter increased slightly from the December 2011 quarter primarily due to a higher loss on debt redemption and a foreign exchange remeasurement loss, partially offset by a gain on the sale of certain equity investments.

Other expense, net for the March 2012 quarter decreased from the April 2011 quarter primarily due to a gain on the sale of certain equity investments, partially offset by a higher loss on debt redemption.

Other expense, net for the first nine months of fiscal year 2012 increased from the same period in fiscal year 2011 primarily due to increased interest expense resulting from a higher average debt balance, partially offset by foreign exchange hedges and remeasurement and a gain on the sale of certain equity investments.

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Income taxes

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	**March 30, 2012**	**December 30, 2011**	**April 1, 2011**	**March 30, 2012**	**April 1, 2011**
Provision for (benefit from) income taxes	$ 13	$ (5)	$ 29	$ 20	$ 58

Our income tax provision recorded for the first nine months ended March 30, 2012 included approximately $10 million of discrete tax benefits from the reversal of a portion of the U.S. valuation allowance recorded in prior periods and the release of income tax reserves associated with the expiration of certain statutes of limitation.

Our income tax provision for the three and nine months ended March 30, 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, (ii) a decrease in valuation allowance for certain U.S. deferred tax assets, and (iii) the release of tax reserves associated with the expiration of certain statutes of limitation. The acquisition of Samsung s HDD business is not expected to have a significant impact on our effective tax rate in fiscal year 2012.

Our income tax provision for the three and nine months ended April 1, 2011 included approximately $15 million and $4 million, respectively, of net discrete charges, primarily related to increases in income tax reserves recorded for non-U.S. income tax positions taken in prior fiscal years partially offset by the release of income tax reserves associated with settlements of income tax audits and the expiration of certain statutes of limitations. In addition, the nine month period ended April 1, 2011 included an $11 million discrete income tax benefit from the loss recognized in the three months ended October 1, 2010 on the redemption of debt which was offset by a corresponding increase in the valuation allowance for U.S. deferred tax assets.

Our income tax provision for the three and nine months ended April 1, 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) an increase in valuation allowance for U.S. deferred tax assets, and (iv) income tax reserves related to non-U.S. tax positions taken in prior fiscal years and the release of income tax reserves from settlements of income tax audits and the expiration of certain statutes of limitations.

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 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 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 have restrictive regulations over the movement of cash and/or foreign exchange across their borders. However, these restrictions have not impeded our ability to conduct our business, 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 March 30, 2012.

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Cash and Cash Equivalents, Short-term Investments, and Restricted Cash and Investments

(Dollars in millions)		March 30, 2012		July 1, 2011		Change
Cash and cash equivalents	$	1,638	$	2,677	$	(1,039)
Short-term investments		408		474		(66)
Restricted cash and investments		98		102		(4)
Total	$	2,144	$	3,253	$	(1,109)

Our cash and cash equivalents, short-term investments and restricted cash and investments decreased from July 1, 2011 due to 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.

Cash Provided by Operating Activities

Cash provided by operating activities for the nine months ended March 30, 2012 of $1.8 billion includes the effects of net income adjusted for non-cash items including depreciation, amortization, and share-based compensation, and:

- an increase of $1 billion in accounts receivable, net, due to an increase in revenues and a higher proportion of sales occurring at the end of the quarter;
- an increase of $191 million in accounts payable due to an overall increase in volumes, partially offset by a change in supplier payment terms;
- a decrease of $167 million in inventories due to a depletion of our finished goods inventory levels, offset by strategic purchases to secure key components; and
- an increase of $128 million in vendor non-trade receivables due to an increase in volumes.

Cash Used in Investing Activities

During the nine months ended March 30, 2012, we used $965 million for net cash investing activities, which was primarily attributable to net payments for the acquisition of Samsung s HDD business of $561 million and payments for property, equipment and leasehold improvements of $497 million.

Cash Used in Financing Activities

Net cash used in financing activities of $1.9 billion for the nine months ended March 30, 2012 was primarily attributable to approximately $1.2 billion paid to repurchase 56 million of our ordinary shares, $670 million in long term debt repayments and $266 million in dividends paid to our shareholders.

Liquidity Sources, Cash Requirements and Commitments

Our primary sources of liquidity as of March 30, 2012, consisted of: (1) approximately $2.0 billion in cash, 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 $98 million in restricted cash and investments, of which $78 million was related to our employee deferred compensation liabilities under our non-qualified deferred compensation plan.

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. The agreement also includes three financial covenants: (1) minimum cash, cash equivalents and marketable securities; (2) a fixed charge coverage ratio; and (3) a net leverage ratio. As of March 30, 2012, we were in compliance with all of the covenants under our credit facility and 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.

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 quarterly 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.

For the fiscal year 2012, we expect capital expenditures to be below our expected target range of 6% to 8% of revenue.

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From time to time we may repurchase any of our outstanding notes in open market or privately negotiated purchases or otherwise, or may repurchase outstanding notes pursuant to the terms of the applicable indenture.

On April 16, 2012, our Board of Directors (the Board) declared a cash dividend of $0.25 per share, payable on May 17, 2012 to shareholders of record as of the close of business on May 2, 2012. The payment of any future quarterly dividends will be at the discretion of the Board and will be dependent upon our financial position, results of operations, available cash, cash flow, capital requirements and other factors deemed relevant by the Board.

From time to time we may repurchase any of our outstanding ordinary shares in the open market or through broker assisted purchases. In addition to existing share repurchase plans already in place, on January 26, 2012, the Board authorized an additional $1 billion for the repurchase of our outstanding ordinary shares. Also, on April 26, 2012, the Board authorized an additional $2.5 billion for the repurchase of our outstanding ordinary shares. All repurchases are effected as redemptions in accordance with the Company s Articles of Association.

The Board of Directors authorized the company to terminate the January 2010 Anti-Dilution Share Repurchase Program, effective April 26, 2012.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations are based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of such statements requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. Our estimates are based on historical experience and other assumptions that we consider to be appropriate in the circumstances. However, actual future results may vary from our estimates.

Since our fiscal year ended July 1, 2011, there have been no material changes in our critical accounting policies and estimates other than the policy for testing impairment of goodwill discussed in the footnotes above. Please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended July 1, 2011, as filed with the SEC on August 17, 2011, for a discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

See Part I, Item 1. Financial Statements 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risks due to the volatility of interest rates, foreign currency exchange rates, and 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.

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. At March 30, 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 have fixed rate debt obligations. We enter into debt obligations to support general corporate purposes including capital expenditures and working capital needs.

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 March 30, 2012.

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Fiscal Years Ended

(Dollars in millions, except percentages)	2012	2013	2014	2015	2016	Thereafter	Total	Fair Value at March 30, 2012
Assets								
Cash equivalents:								
Fixed rate	$ 1,479	$	$	$	$	$	$ 1,479	$ 1,479
Average interest rate	0.14%						0.14%	
Short-term investments:								
Fixed rate	$ 7	$ 96	$ 127	$ 135	$ 17	$ 17	$ 399	$ 408
Average interest rate	0.70%	1.34%	0.87%	1.18%	1.16%	1.25%	0.95%	
Long-term investments:								
Variable rate	$	$	$	$	$	$ 17	$ 17	$ 15
Average interest rate						1.92%	1.92%	
Total investment securities	$ 1,486	$ 96	$ 127	$ 135	$ 17	$ 34	$ 1,895	$ 1,902
Average interest rate	0.14%	1.34%	0.87%	1.18%	1.16%	1.92%	0.36%	
Debt								
Fixed rate	$	$	$ 319	$	$	$ 2,550	$ 2,869	$ 3,138
Average interest rate			10.00%			7.14%	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 the nine months ended March 30, 2012, 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 changes in the fair value of the ineffective portion of the hedging instruments in Cost of revenue on the Consolidated Statements of Operations. We did not have any material net gains (losses) recognized in Cost of revenue for cash flow hedges due to hedge ineffectiveness or discontinued cash flow hedges during the nine months ended March 30, 2012 or April 1, 2011, nor did we discontinue any material cash flow hedges for a forecasted transaction in the respective periods.

The table below provides information as of March 30, 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	$ 123	30.49	$ (1)
Singapore dollar	60	1.23	(2)
Chinese renminbi	14	6.33	
Czech koruna	15	19.14	
Total	$ 212		$ (3)

(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.

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Additionally, the investment portfolio is diversified and structured to minimize credit risk. As of March 30, 2012, we did not have credit exposure 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 March 30, 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 March 30, 2012, the estimated fair value of these auction rate securities was $15 million. We believe that the impairments totaling approximately $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.

ITEM 4. CONTROLS AND PROCEDURES

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 the end of the period covered by this quarterly report. Based on the evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of March 30, 2012. During the quarter ended March 30, 2012, there were no changes in our internal control over financial reporting that materially affected, or were reasonably likely to materially affect our internal control over financial reporting.

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PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Part I, Item 1. Financial Statements Note 13, Legal, Environmental and Other Contingencies of this Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Except for the risk factors set forth below, there have been no material changes to the description of the risk factors associated with our business previously disclosed in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended July 1, 2011 and disclosed in our quarterly reports on Form 10-Q for the quarters ended September 30, 2011 and December 30, 2011 (together our Risk Factors . In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K as they could materially affect our business, financial condition and future results.

The Risk Factors are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

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.

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.

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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.

If we do not realize the expected benefits of our acquisition of Samsung s HDD business, 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. The integration of Samsung s HDD business into our operations will involve a number of risks, including, but not limited to:

• Diversion of senior management s attention from the management of daily operations to the integration of the acquired assets into our business;

• The potential that we do not successfully integrate the employees that we hired from Samsung s hard disk drive business into our business;

• The potential loss of key customers or suppliers of Samsung s HDD business who do not choose to do business with us;

• The potential that key customers do not accept new products of the combined company;

• The potential that we do not successfully coordinate sales and marketing efforts to communicate the capabilities of the combined company;

• Potential revenue attrition in excess of anticipated levels;

• The potential that we do not qualify the combined company s products as a primary source of supply with OEM customers on a timely basis or at all;

• The risk of higher than anticipated costs in continuing support and development of acquired products;

• Difficulties and uncertainties in achieving anticipated cost reductions and operational synergies;

• Potential difficulties integrating manufacturing and design processes and controls;

• Potential difficulties integrating and harmonizing financial reporting systems; and

• Potential incompatibility of technology and systems.

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.

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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.

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 the Company s 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Equity Securities

This issuance was not registered under the Securities Act of 1933, as amended, in reliance on the exemptions provided by Section 4(2) thereof and Regulation D promulgated thereunder for private sales by an issuer not involving a public offering.

Repurchase of 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 authorizes 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. The Board of Directors authorized the Company to terminate the January 2010 Anti-Dilution Share Repurchase Program, effective April 26, 2012.

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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 26, 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.

The following table sets forth information, by repurchase program, with respect to repurchase of our shares made during the fiscal quarter ended March 30, 2012:

January 2010 Anti-Dilution Share Repurchase Program

(In millions, except average price paid per share)	Total Number of Shares Repurchased		Average Price Paid per Share	Total Number of Shares Repurchased Under Publicly Announced Plans or Programs	Approximate Dollar Value of Shares Repurchased Under the Plans or Programs
Cumulative repurchased through December 30, 2011	53.1	$	16.74	53.1	889
December 31, 2011 through January 27, 2012					
January 28, 2012 through February 24, 2012					
February 25, 2012 through March 30, 2012					
Cumulative repurchased through March 30, 2012	53.1	$	16.74	53.1	889

November 2010 Share Repurchase Program

(In millions, except average price paid per share)	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased Under Publicly Announced Plans or Programs	Approximate Dollar Value of Shares Repurchased Under the Plans or Programs

Cumulative repurchased through December 30, 2011	49.2	$	14.38	49.2	$	708
December 31, 2011 through January 27, 2012	18.6		19.39	18.6		360
January 28, 2012 through February 24, 2012	14.8		25.60	14.8		379
February 25, 2012 through March 30, 2012	9.7		27.35	9.7		266
Cumulative repurchased through March 30, 2012	92.3	$	23.32	92.3	$	1,713

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January 2012 Share Repurchase Program

(In millions, except average price paid per share)	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased Under Publicly Announced Plans or Programs	Approximate Dollar Value of Shares Repurchased Under the Plans or Programs
Cumulative repurchased through December 30, 2011		$		$
December 31, 2011 through January 27, 2012				
January 28, 2012 through February 24, 2012				
February 25, 2012 through March 30, 2012				
Cumulative repurchased through March 30, 2012		$		$

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

The 2012 Annual General Meeting of Shareholders of the Company will be held in Dublin, Ireland on Wednesday, October 24, 2012, at 9:30 a.m. local time. For shareholder proposals to be considered for inclusion in the Company s proxy statement for the 2012 Annual General Meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, they must be received by the Company at 38/39 Fitzwilliam Square, Dublin 2, Ireland, Attention: Corporate Secretary, no later than May 29, 2012. Outside the processes of Rule 14a-8, a shareholder of record who intends to nominate a candidate to become a member of our Board must comply with the procedures for nominating directors set forth in our Articles of Association by submitting the nomination no earlier than April 29, 2012 and no later than May 29, 2012. For other shareholder proposals outside the processes of Rule 14a-8, subject to applicable rules, the Company requires notice to be received by no later than August 12, 2012, in order to consider whether to put such proposal to the meeting.

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ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1	Memorandum and Articles of Association of Seagate Technology plc (the Company), as amended and restated by Special Resolution dated July 1, 2010, were filed as Exhibit 3.1 to the Company s current report on Form 8-K12B/A filed on July 9, 2010, and are incorporated herein by reference.
3.2	Certificate of Incorporation of Hephaestus plc effective as of January 22, 2010 and Certificate of Incorporation on change of name of Seagate Technology plc, effective as of February 22, 2010 were filed as Exhibit 3.2 to the Company s annual report on Form 10-K for the fiscal year ended July 2, 2010, and are incorporated herein by reference.
10.53	Asset Purchase Agreement by and among Samsung Electronics Co., ltd., Seagate Technology International and Seagate Technology plc dated April 19, 2011, was filed as Exhibit 10.53 to the Company s annual report on Form 10-K for the fiscal year ended July 1, 2011, and is incorporated herein by reference.
10.55	Shareholder Agreement by and among Seagate Technology plc and Samsung Electronics Co., ltd dated as of April 19, 2011, was filed as Exhibit 10.53 to the Company s annual report on Form 10-K for the fiscal year ended July 1, 2011, and is incorporated herein by reference.
10.56	2012 Equity Incentive Plan Restricted Share Unit Agreement (outside directors).
31.1+	Certification of Stephen J. Luczo, Chairman, President and Chief Executive Officer of the Company, as required by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Patrick J. O Malley, Executive Vice President and Chief Financial Officer of the Company, as required by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Stephen J. Luczo, Chairman, President and Chief Executive Officer of the Company and Patrick J. O Malley, Executive Vice President and Chief Financial Officer of the Company, as required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document.

\+ Filed herewith.

The certifications attached as Exhibit 32.1 that accompany this Form 10-Q 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-Q, 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.

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SIGNATURES

Pursuant to the requirements 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

DATE:	April 30, 2012	BY:	/s/ STEPHEN J. LUCZO Stephen J. Luczo Chairman, President and Chief Executive Officer (Principal Executive Officer)
DATE:	April 30, 2012	BY:	/s/ PATRICK J. O MALLEY Patrick J. O Malley Executive Vice President and Chief Financial Officer (Principal Financial Officer)