

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended July 3, 2020

OR

☐ **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

(State or other jurisdiction of
incorporation or organization)

98-0648577

(I.R.S. Employer
Identification Number)

38/39 Fitzwilliam Square

Dublin 2, Ireland

(Address of principal executive offices)

D02 NX53

(Zip Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary Shares, par value \$0.00001 per share	STX	The NASDAQ Global Select Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer:	<input type="checkbox"/>
Non-accelerated filer:	<input type="checkbox"/>	Smaller reporting company:	<input type="checkbox"/>
		Emerging growth company:	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting ordinary shares held by non-affiliates of the registrant as of January 3, 2020, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$15.4 billion based upon the closing price reported for such date by the NASDAQ.

The number of outstanding ordinary shares of the registrant as of August 3, 2020 was 257,461,532.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the registrant's Annual General Meeting of Shareholders, to be held on October 22, 2020, will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC no later than 120 days after the registrant's fiscal year ended July 3, 2020.

SEAGATE TECHNOLOGY PLC

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Annual Report on Form 10-K (the “Form 10-K”), unless the context indicates otherwise, as used herein, the terms “we,” “us,” “Seagate,” the “Company” and “our” refer to Seagate Technology public limited company (“plc”), an Irish public limited company, and its subsidiaries. References to “\$” and “dollars” are to United States dollars.

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

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact. Forward-looking statements contained in this Annual Report on Form 10-K include, among other things, statements about our plans, strategies and prospects; market demand for our products; shifts in technology; estimates of industry growth; effects of the economic conditions worldwide resulting from the COVID-19 pandemic; our ability to effectively manage our cash liquidity position and debt obligations, and comply with the covenants in our credit facilities; our restructuring efforts; the sufficiency of our sources of cash to meet cash needs for the next 12 months; our expectations regarding capital expenditures; and projected cost savings for the fiscal year ending July 2, 2021. Forward-looking statements generally can be identified by words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “may,” “will,” “will continue,” “can,” “could,” or negative of these words, variations of these words and comparable terminology. These forward-looking statements are based on information available to the Company as of the date of this Annual Report on Form 10-K and are based on management’s current views and assumptions. These forward-looking statements are conditioned upon and also involve a number of known and unknown risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties and other factors may be beyond our control and may pose a risk to our operating and financial condition. Such risks and uncertainties include, but are not limited to:

- the uncertainty in global economic and political conditions;
- the development and introduction of products based on new technologies and expansion into new data storage markets, and market acceptance of new products;
- the impact of competitive product announcements and unexpected advances in competing technologies or changes in market trends;
- the impact of variable demand, changes in market demand, and an adverse pricing environment for storage products;
- the Company’s ability to effectively manage its debt obligations and comply with certain covenants in its credit facilities with respect to financial ratios and financial condition tests and its ability to maintain a favorable cash liquidity position;
- the Company’s ability to successfully qualify, manufacture and sell its storage products in increasing volumes on a cost-effective basis and with acceptable quality;
- any price erosion or volatility of sales volumes through the Company’s distributor and retail channel;
- the effects of the COVID-19 pandemic and related individual, business and government responses on the global economy and their impact on the Company’s business, operations and financial results;
- disruptions to the Company’s supply chain or production capabilities;
- currency fluctuations that may impact the Company’s margins, international sales and results of operations;
- the impact of trade barriers, such as import/export duties and restrictions, tariffs and quotas, imposed by the U.S. or other countries in which the Company conducts business;
- the evolving legal and regulatory, economic, environmental and administrative climate in the international markets where the Company operates; and
- cyber-attacks or other data breaches that disrupt the Company’s operations or result in the dissemination of proprietary or confidential information and cause reputational harm.

Information concerning these and other risks, uncertainties and factors, among others, that could cause results to differ materially from our expectations statements is also set forth in "Item 1A. Risk Factors" of this Annual Report on Form 10-K, which we encourage you to carefully read. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date on which they were made and we undertake no obligation to update forward-looking statements except as required by law.

PART I

ITEM 1. BUSINESS

We are a leading provider of data storage technology and solutions. Our principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. In addition to HDDs, we produce a broad range of data storage products including solid state drives (“SSDs”), solid state hybrid drives (“SSHDS”) and storage subsystems.

HDDs are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. HDDs continue to be the primary medium of mass data storage due to their performance attributes, reliability, high quality and cost effectiveness. Complementing existing storage architectures, SSDs use integrated circuit assemblies as memory to store data, and most SSDs use NAND flash memory. In contrast to HDDs and SSDs, SSHDs combine the features of SSDs and HDDs in the same unit, containing a high-capacity HDD and a smaller SSD acting as a cache to improve performance of frequently accessed data.

Our HDD products are designed for mass capacity storage and legacy markets. These markets were previously categorized as enterprise servers and storage systems, edge non-compute applications and edge compute applications. Our HDD and SSD product portfolio includes Serial Advanced Technology Attachment (“SATA”), Serial Attached SCSI (“SAS”) and Non-Volatile Memory Express (“NVMe”) based designs to support a wide variety of mass capacity and legacy applications.

Our enterprise data solutions (“EDS”) portfolio includes storage subsystems for enterprises, cloud service providers, scale-out storage servers and original equipment manufacturers (“OEMs”). Engineered for modularity, mobility, capacity and performance, these solutions include our enterprise HDDs and SSDs, enabling customers to integrate powerful, scalable storage within legacy environments or build new ecosystems from the ground up in a secure, cost-effective manner.

Industry Overview

Data Storage Industry

The data storage industry includes companies that manufacture components or subcomponents designed for data storage devices, as well as companies that provide storage solutions, software and services for enterprise cloud, big data, computing platforms and consumer markets. The rapid growth of data generation and the intelligent application of data are driving demand for data storage. As more data is created at endpoints outside traditional data centers, requiring processing at the edge and in the core or cloud, the need for data storage and management has also increased. These use cases include autonomous vehicles, smart manufacturing systems and smart cities. We believe the proliferation and personal creation of media-rich digital content, further enabled by fifth-generation wireless (“5G”), the edge, the Internet of Things (“IoT”) and artificial intelligence (“AI”), will continue to create demand for higher capacity storage solutions. The new ecosystem is expected to require increasing amounts of data storage both at the edge and in the core.

Markets

The principal data storage markets include:

Mass Capacity Storage Markets

Mass capacity storage supports high capacity, low-cost per terabyte (“TB”) storage applications, including nearline, video and image applications and network-attached storage (“NAS”). Mass capacity storage markets represent growing markets that have been increasing as a percentage of our total revenue and in total exabytes shipped in fiscal years 2020, 2019 and 2018, with this trend expected to continue in fiscal year 2021.

Nearline. Nearline applications require mass capacity devices, HDDs as well as mass capacity EDS subsystems that provide end-to-end solutions to businesses for the purpose of modular and scalable storage. Enterprise storage applications require both high-capacity and energy efficient storage devices to support low total cost of ownership. The EDS solutions may also offer file management systems, software, and compute capabilities to enable both private and public data center applications. We expect this market, which includes storage for cloud computing, content delivery and backup services, to continue to grow and drive increasing exabyte demand.

Video and image and NAS. Video and image applications and NAS drives are specifically designed to ensure the appropriate performance and reliability of the system for surveillance environments (video and image) and network storage environments (NAS). We expect these markets, which includes storage for security and smart video installations, to show long term secular growth in exabyte demand.

Legacy Markets

Legacy markets include mission critical, desktop, notebook, consumer, DVR, and gaming applications. We continue to service these markets but do not plan significant additional investment. These markets have been decreasing as a percentage of our total revenue in fiscal years 2020, 2019, and 2018 and this trend is expected to continue in fiscal year 2021, and the long term outlook is for a decrease in demand for exabytes in these markets.

Mission critical storage. Mission critical applications are defined as those that use very high performance enterprise class HDDs and SSDs with sophisticated firmware to reliably support very high workloads. We expect that enterprises utilizing dedicated storage area networks will continue to drive market demand for mission critical enterprise storage solutions.

Consumer storage. Consumer applications are externally connected storage, both HDD and SSD-based, used to provide backup capabilities, augmented storage capacity, or portable storage for PCs and mobile devices.

Desktop and notebook storage. These applications rely on low cost-per-HDD and SSD devices to provide built-in storage for a wide variety of consumer and business applications.

Gaming storage. This market includes storage for PC-based gaming rigs as well as console gaming applications. The products are optimized for the speed and responsiveness gamers require, and include both internal and external storage options based on HDDs and SSDs.

DVR. DVR applications are HDD storage for video streaming in always-on consumer premise equipment like DVRs and media centers.

Participants in the data storage industry include:

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

Storage device manufacturers. Companies that transform components into storage products include disk drive manufacturers and semiconductor storage manufacturers that integrate flash memory into storage products such as SSDs.

Storage solutions manufacturers and system integrators. Companies, such as OEMs, that bundle and package storage solutions, distributors that integrate storage hardware and software into end-user applications, cloud service providers (“CSPs”) that provide cloud based solutions to businesses for the purpose of scale-out storage solutions and modular systems, and producers of solutions such as storage racks.

Hyperscale data centers. Large hyperscale data center companies, many of which are CSPs, are increasingly designing their own storage subsystems and having them built by contract manufacturers for use inside their own data centers. This trend is reshaping the storage system and subsystem market, driving both innovation in system design and changes in the competitive landscape of large storage system vendors.

Storage services. Companies that provide and host services and solutions, which include storage, backup, archiving, recovery and discovery of data.

Demand for Data Storage

The International Data Corporation (“IDC”) forecasts in the 2020 Seagate-sponsored *Data Age 2025* study that the global datasphere should grow from 59 zettabytes in 2020 to 175 zettabytes by 2025. According to IDC, we are fast approaching a new era of the Data Age, which we expect will have a positive impact on storage demand. The digital transformation has given rise to many new applications, all of which rely on faster access to and secure storage of data proliferating from endpoints through edge to cloud.

The *Data Age 2025* study found that data is shifting to both the core and the edge, and by 2025 nearly 80% of the world’s data will be stored in the core and edge, up from 35% in 2015.

As more applications require real-time decision making, some data processing and storage is moving closer to the network edge. We believe this will result in a buildup of private and edge cloud environments that will enable fast and secure access to data throughout the IoT ecosystem. According to IDC, nearly 25% of the global datasphere will be real-time by 2025.

Factors contributing to the growth of digital content include:

- Creation, sharing and consumption of media-rich content, such as high-resolution photos, high definition videos and digital music through smart phones, tablets, digital cameras, personal video cameras, DVRs, gaming consoles or other digital devices;

- Increasing use of video and imaging sensors to collect and analyze data used to improve traffic flow, emergency response times and manufacturing production costs, as well as for new surveillance systems that feature higher resolution digital cameras and thus require larger data storage capacities;
- Creation and collection of data through the development and evolution of the IoT ecosystem, big data analytics, AI and new technology trends such as autonomous vehicles and drones, smart manufacturing, and smart cities;
- The growing use of analytics, especially for action on data created at the edge instead of processing and analyzing at the data center, which is particularly important for verticals such as autonomous vehicles, property monitoring systems, smart manufacturing and others;
- Cloud migration initiatives and the ongoing advancement of the cloud, including the build out of large numbers of cloud data centers by CSPs and private companies transitioning on-site data centers into the cloud; and
- Need for protection of increased digital content through redundant storage on backup devices and externally provided storage services.

As a result of these factors, we anticipate that the nature and volume of data being created will require greater storage capability, which is more efficiently and economically facilitated by higher capacity mass storage devices.

In addition, the economics of storage infrastructure are also evolving. The utilization of public and private hyperscale storage and open-source solutions is reducing the total cost of ownership of storage while increasing the speed and efficiency with which customers can leverage massive computing and storage devices. Accordingly, we expect these trends will continue to create significant demand for data storage products and solutions going forward.

Demand Trends

We believe that continued growth in digital content creation will require increasingly higher storage capacity in order to store, aggregate, host, distribute, analyze, manage, protect, back up and use such content. We also believe that as architectures evolve to serve a growing commercial and consumer user base throughout the world, storage solutions will evolve as well.

Mass capacity is and will continue to be the enabler of scale. We expect increased data creation will lead to the expansion of the need for storage in the form of HDDs, EDS and SSDs. While the advance of solid state technology in many end markets is expected to increase, we believe that in the foreseeable future, cloud, edge and traditional enterprise which require high-capacity storage solutions will be best served by HDDs due to their ability to deliver the most cost effective, reliable and energy-efficient mass storage devices. We also believe that as HDD capacities continue to increase, a focus exclusively on unit demand does not reflect the increase in demand for exabytes. As demand for higher capacity drives increases, the demand profile has shifted to reflect fewer total HDD units, but with higher average capacity per drive and higher overall exabyte demand.

Industry Supply Balance

From time to time, the storage industry has experienced periods of imbalance between supply and demand. To the extent that the storage industry builds or maintains 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.

Our Business

Data Storage Technologies

The design and manufacturing of HDDs depends on highly advanced technology and manufacturing techniques. Therefore, it requires high levels of research and development spending and capital equipment investments. We design, fabricate and assemble a number of the most important components in our disk drives, including read/write heads and recording media. Our design and manufacturing operations are based on technology platforms that are used to produce various disk drive products that serve multiple data storage applications and markets. Our core technology platforms, including innovations like the throughput-optimizing multi actuator MACH.2 technology and the high-capacity enabling heat-assisted magnetic recording (“HAMR”) technology, focus on the areal density of media and read/write head technologies. This design and manufacturing approach allows us to deliver a portfolio of storage products to service a wide range of data storage applications and industries.

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

- input/output operations per second (“IOPS”), commonly expressed in megabytes per second, which is the maximum number of reads and writes to a storage location;
- storage capacity, commonly expressed in TB, which is the amount of data that can be stored on the disk drive;
- spindle rotation speed, commonly expressed in revolutions per minute (“RPM”), which has an effect on speed of access to data;
- interface transfer rate, commonly expressed in megabytes per second, which is the rate at which data moves between the disk drive and the computer controller;
- average seek time, commonly expressed in milliseconds, which is the time needed to position the heads over a selected track on the disk surface;
- data transfer rate, commonly expressed in megabytes per second, which is the rate at which data is transferred to and from the disk drive;
- product quality and reliability, commonly expressed in annualized return rates; and
- energy efficiency, commonly measured by the power output necessary to operate the disk drive.

Areal density is measured by storage capacity per square inch on the recording surface of a disk. The storage capacity of a disk drive is determined by the size and number of disks it contains as well as the areal density capability of these disks.

We also offer SSDs as part of our storage solutions portfolio. Our portfolio includes devices with SATA, SAS and NVMe interfaces. The SSDs differ from HDDs in that they are without mechanical parts.

SSDs store data on NAND flash memory cells, or metal-oxide semiconductor transistors using a charge on a capacitor to represent a binary digit. SSD technology offers fast access to data and robust performance. SSDs complement hyperscale applications, high-density data centers, cloud environments and web servers. They are also used in mission-critical enterprise applications, consumer, gaming and NAS applications.

The SSHDs that we manufacture contain technology that fuses some features of SSDs and HDDs. They include high capacity HDDs with flash memory that acts as a cache to improve performance of frequently accessed data and are primarily targeted at PC gaming applications.

Manufacturing

We primarily design and manufacture our own read/write heads and recording media, which are critical technologies for disk drives. This integrated approach enables us to lower costs and to improve the functionality of components so that they work together efficiently.

We believe that because of our vertical design and manufacturing strategy, we are well positioned to take advantage of the opportunities to leverage the close interdependence of components for disk drives. Our manufacturing efficiency and flexibility are critical elements of our integrated business strategy. We continuously seek to improve our manufacturing efficiency and reduce manufacturing costs by:

- employing manufacturing automation;
- employing machine learning algorithms and artificial intelligence;
- improving product quality and reliability;
- integrating our supply chain with suppliers and customers to enhance our demand visibility and reduce our working capital requirements;
- coordinating between our manufacturing group and our research and development organization to rapidly achieve volume manufacturing; and
- operating our facilities at optimal capacities.

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

Components and Raw Materials

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

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

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

Printed Circuit Board Assemblies. The printed circuit board assemblies (“PCBAs”) are comprised of standard and custom ASICs and ancillary electronic control chips. The ASICs control the movement of data to and from the read/write heads and through the internal controller and interface, which communicates with the host computer. The ASICs and control chips form electronic circuitry that delivers instructions to a head positioning mechanism called an actuator to guide the heads to the selected track of a disk where the data is recorded or retrieved. Disk drive manufacturers use one or more industry standard interfaces such as SATA, SCSI, or SAS to communicate to the host systems.

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

Disk Drive Assembly. Following the completion of the head disk assembly, it is mated to the PCBA, and the completed unit goes through extensive defect mapping and machine learning prior to packaging and shipment. Disk drive assembly and machine learning operations occur primarily at our facilities located in China and Thailand. We perform subassembly and component manufacturing operations at our facilities in China, Malaysia, Northern Ireland, Singapore, Thailand and the United States.

Contract Manufacturing. We outsource the manufacturing and assembly of certain components and products to third parties in various countries worldwide. This includes outsourcing the PCBAs used in our disk drives, SSDs and storage subsystems. We continue to participate in the design of our components and products and are directly involved in qualifying key suppliers and components used in our products.

Suppliers of Components and Industry Constraints. There are a limited number of independent suppliers of components, such as recording heads and media, available to disk drive manufacturers. Vertically integrated disk drive manufacturers like us, who manufacture their own components, are less dependent on external component suppliers than less vertically integrated disk drive manufacturers. However, our business has been adversely affected by our suppliers’ capacity constraints in the past and this could occur in the future.

Commodity and Other Manufacturing Costs. The production of disk drives requires rare earth elements, precious metals, scarce alloys and industrial commodities, which are subject to fluctuations in price and the supply of which has at times been constrained. In addition to increased costs of components and commodities, volatility in fuel and other transportation costs may also increase our costs related to commodities, manufacturing and freight. As a result, we may increase our use of alternative shipment methods to help offset any increase in freight costs, and we will continually review various forms of shipments and routes in order to minimize the exposure to higher freight costs.

Products

We offer a broad range of storage solutions for mass capacity storage and legacy applications. We supply more than one product within each product category and differentiate products on the basis of capacity, performance, product quality, reliability, price, form factor, interface, power consumption efficiency, security features and other customer integration requirements. Our industry is characterized by continuous and significant advances in technology that contribute to rapid product life cycles. Currently our product offerings include:

Mass Capacity Storage

Enterprise Nearline HDDs. Our high-capacity enterprise HDDs ship in capacities of up to 18TB. These products are designed for mass capacity data storage in the core and at the edge, server environments and cloud systems that require high capacity, enterprise reliability, energy efficiency and integrated security. They are available in SATA and SAS interfaces.

Enterprise Nearline SSDs. Our enterprise SSDs are designed for high-performance, hyperscale, high-density and cloud applications. They are offered with multiple interfaces, including SAS, SATA, and NVMe and in capacities up to 15TB.

Enterprise Nearline Systems. Our systems portfolio provides modular storage system components to expand and upgrade data centers and other enterprise applications. They feature speed, scalability and security. Our capacity-optimized systems feature multiple configurations and can accommodate up to 106 16TB drives. Our performance-optimized systems include an all-flash array for critical workloads demanding the highest performance.

Video and Image. Our video and image HDDs are built to support the high-write workload of an always-on, always-recording video surveillance system. These surveillance optimized drives are built to support the growing needs of the video imaging market with support for multiple streams and capacities up to 16TB.

NAS. Our NAS drives are built to support the performance and reliability demanded by small and medium businesses, and incorporate interface software with custom-built health management, error recovery controls, power settings and vibration tolerance. Our NAS HDD solutions are available in capacities up to 16TB. We also offer NAS SSDs with capacities up to 3.8TB.

Legacy Applications

Mission Critical HDDs and SSDs. We continue to support 10,000 and 15,000 RPM HDDs, offered in capacities up to 2.4TB, which enable increased throughput while improving energy efficiency. Our enterprise SSDs are available in capacities up to 15TB, with endurance options up to 10 drive writes per day and various interfaces. Our SSDs deliver the speed and consistency required for demanding enterprise storage and server applications.

Consumer Solutions. Our external storage solutions are shipped under the Seagate Backup Plus and Expansion product lines, as well as under the LaCie and Maxtor brand names. These product lines are available in capacities up to 16TB. We strive to deliver the best customer experience by leveraging our core technologies, offering services such as Seagate Recovery Services (data recovery) and partnering with leading brands such as Xbox, Sony and Adobe.

Desktop Drives. Our 3.5-inch desktop drives offer up to 14TB of capacity for HDD and up to 2TB for SSD. Desktop drives are designed for applications such as personal computers and workstations.

Notebook Drives. Our 2.5-inch notebook drives offer up to 5TB for HDD and up to 2TB for SSD. Used in applications such as traditional notebooks, convertible systems and external storage, our drives are built to address a range of performance needs and sizes for affordable, high-capacity storage.

DVR. Our DVR HDDs are optimized for video streaming in always-on consumer premise equipment applications with capacities up to 4TB to support leading-edge digital entertainment.

Gaming. Our gaming SSDs are specifically optimized internal storage for gaming rigs. These products are designed to enhance the gaming experience during game load and game play and are available in capacities up to 4TB for SSD.

Customers

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

OEM customers, including large hyperscale data center companies and CSPs, typically enter into master purchase agreements with us. Deliveries are scheduled only after receipt of purchase orders. In addition, with limited lead-time, customers may defer most purchase orders without significant penalty. Anticipated orders from many of our customers have in the past failed to materialize or OEM delivery schedules have been deferred or altered as a result of changes in their business needs.

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

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

See “Item 8. Financial Statements and Supplementary Data—*Note 16. Business Segment and Geographic Information*” contained in this report for a description of our major customers.

Competition

We compete primarily with manufacturers of hard drives used in the mass capacity storage and legacy markets and with other companies in the data storage industry that provide SSDs and EDS. Some of the principal factors used by customers to differentiate among data storage solutions manufacturers are storage capacity, product performance, product quality and reliability, price per unit and price per TB, storage/retrieval access times, data transfer rates, form factor, product warranty and support capabilities, supply continuity and flexibility, power consumption, total cost of ownership and brand. While different markets and customers place varying levels of emphasis on these factors, we believe that our products are competitive with respect to many of these factors in the markets that we currently compete in.

Principal Competitors. We compete with manufacturers of storage solutions and the other principal manufacturers in the data storage solution industry include:

- Micron Technology, Inc.;
- Samsung Electronics;
- SK hynix, Inc.;
- Kioxia Holdings Corporation;
- Toshiba Corporation; and
- Western Digital Corporation, operating the Western Digital, Hitachi Global Storage Technologies and SanDisk brands.

Price Erosion. Historically, our industry has been characterized by price declines for data storage products with comparable capacity, performance and feature sets (“like-for-like products”). Price declines for like-for-like products (“price erosion”) tend to be more pronounced during periods of:

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

Data storage manufacturers typically attempt to offset price erosion with an improved mix of data storage products characterized by higher capacity, better performance and additional feature sets and product cost reductions.

We believe the HDD industry experienced modest price erosion in fiscal years 2020, 2019 and 2018.

Product Life Cycles and Changing Technology. Success in our industry has been dependent to a large extent on the ability to balance the introduction and transition of new products with time-to-volume, performance, capacity and quality metrics at a competitive price, level of service and support that our customers expect. Generally, the drive manufacturer that introduces a new product first benefits from improved product mix, favorable profit margins and less pricing pressure until comparable products are introduced. Changing technology also necessitates on-going investments in research and development, which may be difficult to recover due to rapid product life cycles and economic declines. Further, there is a continued need to successfully execute product transitions and new product introductions, as factors such as quality, reliability and manufacturing yields continue to be of significant competitive importance.

Seasonality

Variability of sales can be related to the timing of IT spending or a reflection of cyclical demand from CSPs based on the timing of their procurement and deployment requirements and the supply and demand balance of other components such as NAND and DRAM. Our legacy markets traditionally experience seasonal variability in demand with higher levels of demand in the second half of the calendar year. This seasonality is driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter.

Research and Development

We are committed to developing new component technologies, products and alternative storage technologies. Our research and development focus is designed to bring new products to market in high volume, with quality attributes that our customers expect, before our competitors. Part of our product development strategy is to leverage a design platform and/or subsystem within product families to serve different market needs. This platform strategy allows for more efficient resource utilization, leverages best design practices, reduces exposure to changes in demand, and allows for achievement of lower costs through purchasing economies. Our advanced technology integration effort focuses disk drive and component research on recording subsystems, including read/write heads and recording media; market-specific product technology; and technology we believe may lead to new business opportunities. The primary purpose of our advanced technology integration effort is to ensure timely availability of mature component technologies for our product development teams as well as to allow us to leverage and coordinate those technologies in the design centers across our products in order to take advantage of opportunities in the marketplace.

Patents and Licenses

As of July 3, 2020, we had approximately 5,300 U.S. patents and 1,200 patents issued in various foreign jurisdictions as well as approximately 700 U.S. and 400 foreign patent applications pending. The number of patents and patent applications will vary at any given time as part of our ongoing patent portfolio management activity. Due to the rapid technological change that characterizes the data storage industry, we believe that, in addition to patent protection, the improvement of existing products, reliance upon trade secrets, protection of unpatented proprietary know-how and development of new products are also important to our business in establishing and maintaining a competitive advantage. Accordingly, we intend to continue our efforts to broadly protect our intellectual property, including obtaining patents, where available, in connection with our research and development program.

The data storage industry is characterized by significant litigation arising from time to time relating to patent and other intellectual property rights. From time to time, we receive claims that our products infringe patents of third parties. Although we have been able to resolve some of those claims or potential claims without a material adverse effect on us, other claims have resulted in adverse decisions or settlements. In addition, other claims are pending, which if resolved unfavorably to us could have a material adverse effect on our business and results of operations. For more information on these claims, see “Item 8. Financial Statements and Supplementary Data—*Note 14. Legal, Environmental and Other Contingencies.*” The costs of engaging in intellectual property litigation in the past have been, and in the future may be, substantial, irrespective of the merits of the claim or the outcome.

Backlog

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

Environmental Matters

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

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

Some environmental laws, such as the U.S. Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended, the “Superfund” law) and its state equivalents, can impose liability for the cost of cleanup of contaminated sites upon any of the current or former site owners or operators or upon parties who sent waste to these sites, regardless of whether the owner or operator owned the site at the time of the release of hazardous substances or the lawfulness of the original disposal activity. We have been identified as a responsible or potentially responsible party at several sites. Based on current estimates of cleanup costs and our expected allocation of these costs, we do not expect costs in connection with these sites to be material.

We may be subject to various state, federal and international laws and regulations governing environmental matters, 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 (2011/65/EU), which prohibits the use of certain substances, including lead, in certain products, including disk drives and server storage products, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the U.S., Canada, Mexico, Taiwan, China and Japan. The EU REACH Directive (Registration, Evaluation, Authorization, and Restriction of Chemicals, EC 1907/2006) also restricts substances of very high concern in products. If we or our suppliers fail to comply with the substance restrictions, recycle requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on our business.

Employees

At July 3, 2020, we employed approximately 42,000 employees and temporary employees worldwide, of which approximately 35,000 were located in our Asia operations. We believe that our future success will depend, in part, on our ability to attract and retain qualified employees at all levels. We believe that our employee relations are good.

Financial Information

Financial information for our reportable business segment and about geographic areas is set forth in “Item 8. Financial Statements and Supplementary Data —Note 16. Business Segment and Geographic Information.”

Corporate Information

Seagate Technology public limited company is a public limited company organized under the laws of Ireland.

Available Information

Availability of Reports. We are a reporting company under the Securities Exchange Act of 1934, as amended (the “1934 Exchange Act”), and we file reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the “SEC”). Because we make filings to the SEC electronically, the public may access this information at the SEC’s website: www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Website Access. Our website is www.seagate.com. We make available, free of charge at the “Investor Relations” section of our website (investors.seagate.com), our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the 1934 Exchange Act as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. Reports of beneficial ownership filed pursuant to Section 16(a) of the 1934 Exchange Act are also available on our website.

Investors. Investors and others should note that we routinely use the Investor Relations section of our website to announce material information to investors and the marketplace. While not all of the information that the Company posts on its corporate website is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media and others interested in the Company to review the information that it shares on www.seagate.com. Information in, or that can be accessed through, our website is not incorporated into this Form 10-K.

Information About Our Executive Officers

The following sets forth the name, age and position of each of the persons who were serving as executive officers as of August 7, 2020. There are no family relationships among any of our executive officers.

Name	Age	Positions
Dr. William D. Mosley	53	Director and Chief Executive Officer
Gianluca Romano	51	Executive Vice President and Chief Financial Officer
Jeffrey D. Nygaard	56	Executive Vice President, Global Operations
Katherine E. Schuelke	57	Senior Vice President, Chief Legal Officer and Corporate Secretary
Ban Seng Teh	54	Senior Vice President, Global Sales and Sales Operations
Jeffrey Fochtman	46	Senior Vice President, Business and Marketing

Dr. William D. Mosley, 53, has served as our Chief Executive Officer (“CEO”) since October 2017 and as a member of the Board since July 25, 2017. He was previously our President and Chief Operating Officer (“COO”) from June 2016 to September 2017. He also served as our President of Operations and Technology from October 2013 to June 2016 and as our Executive Vice President of Operations from March 2011 until October 2013. Prior to these positions, Dr. Mosley served as Executive Vice President, Sales and Marketing from February 2009 through March 2011; Senior Vice President of Global Disk Storage Operations from 2007 to 2009; and Vice President of Research and Development, Engineering from 2002 to 2007. He joined Seagate in 1996 as a Senior Engineer with a PhD in solid state physics. From 1996 to 2002, he served at Seagate in varying roles of increasing responsibility until his promotion to Vice President.

Gianluca Romano, 51, has served as our Executive Vice President and Chief Financial Officer since January 2019. From October 2011 to December 2018, Mr. Romano served as Corporate Vice President, Business Finance and Accounting at Micron Technology, Inc (“Micron”), a producer of computer memory and computer data storage. Prior to his role at Micron, Mr. Romano served as Vice President Finance, Corporate Controller at Numonyx, Inc., a flash memory company which was acquired by Micron in February 2010, from 2008 to 2010. From 1994 until 2008, Mr. Romano held various finance positions at STMicroelectronics, an electronics and semiconductor manufacturer, most recently as Group Vice-President, Central & North Europe Finance Director, Shared Accounting Services Director.

Jeffrey D. Nygaard, 56, has served as our Executive Vice President, Operations, Product Development and Technology Development since November 2018. Mr. Nygaard also served as our Executive Vice President, Global Operations from October 2017 to November 2018; Senior Vice President, Global Operations and Supply Chain from March 2017 to October 2017; Senior Vice President, Recording Head Operations from May 2013 to February 2017; Vice President Slider, HGA, HSA Operations from 2011 to April 2013; Vice President and Country Manager, Thailand and Penang Operations from 2009 to 2011; Vice President and Country Manager, Thailand Operations and Asia Drive Engineering from 2006 to 2009; and Vice President, Product and Process Development from 2004 to 2006. From 1994 to 2006, Mr. Nygaard served in varying roles of increasing responsibilities in engineering at Seagate until his promotion to Vice President. Mr. Nygaard began his career with Raytheon and IBM where he held positions as a design engineer and senior engineer.

Katherine E. Schuelke, 57, has served as our Senior Vice President, Chief Legal Officer and Corporate Secretary since June 2017. From 2011 to January 2016, Ms. Schuelke was the Senior Vice President, General Counsel and Secretary at Altera Corporation (“Altera”), a manufacturer of programmable logic devices. Prior to that, Ms. Schuelke was Vice President, General Counsel, and Secretary at Altera from 2001 to 2011. At Altera, she held other positions of increasing responsibility from 1996 through 2001. Ms. Schuelke began her career at an international law firm. Ms. Schuelke serves on the board of directors of SiTime Corporation, a provider of silicon timing solutions, and on its Compensation and Nominating and Corporate Governance Committees.

Ban Seng Teh, 54, has served as our Senior Vice President of Global Sales and Sales Operations since November 2014, and is based in Singapore. Mr. Teh also served as our Senior Vice President of Asia-Pacific and Japan Sales and marketing from July 2010 to November 2014. Mr. Teh joined Seagate in 1989 as a field customer engineer and has served in varying roles of increasing responsibilities, including as Vice President, Asia Pacific Sales and Marketing (Singapore) from January 2008 to July 2010; Vice President, Sales Operations from 2006 to 2008; Vice President, Asia Pacific Sales from 2003 to 2006; Director, Marketing and APAC Distribution Sales from 1999 to 2003; and Country Manager, South Asia Sales from 1996 to 1999.

Jeffrey Fochtman, 46, has served as our Senior Vice President, Business and Marketing since April 2020. Prior to that Mr. Fochtman served as our Vice President, Global Marketing and Consumer Solutions Group from February 2019 to April 2020; as VP, Global Marketing from August 2015 to February 2019; as Senior Director of Global Marketing from April 2012 to August 2015; and as Director of Marketing from October 2007 to October 2009. Prior to re-joining Seagate, he was VP of Marketing and Sales at Pogoplug from October 2009 to March 2012; and he served as a Product Marketing Manager at Hitachi from February 2001 to October 2007.

ITEM 1A. RISK FACTORS

The ongoing COVID-19 pandemic has impacted our business, operating results and financial condition, as well as the operations and financial performance of many of the customers and suppliers in industries that we serve. We are unable to predict the extent to which the pandemic and related effects will adversely impact our business operations, financial performance, results of operations, financial position and the achievement of our strategic objectives.

The COVID-19 pandemic has resulted in a widespread health crisis and numerous disease control measures being taken to limit its spread. The impact of the pandemic on our business has included or could in the future include:

- disruptions to or restrictions on our ability to ensure the continuous manufacture and supply of our products and services, including insufficiency of our existing inventory levels;
- temporary closures or reductions in operational capacity of our facilities or the facilities of our direct or indirect suppliers or customers;
- permanent closures of our direct and indirect suppliers, resulting in adverse effects to our supply chain;
- temporary shortages of skilled employees available to staff manufacturing facilities due to stay at home orders and travel restrictions within as well as into and out of countries;
- increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the pandemic;
- supply chain disruptions;
- delays or limitations on the ability of our customers to perform or make timely payments;
- reductions in short- and long-term demand for our products, or other disruptions in technology buying patterns;
- adverse effects on economies and financial markets globally or in various markets throughout the world, potentially leading to a prolonged economic downturn or reductions in business and consumer spending, which may result in decreased net revenue, gross margins, or earnings and/or in increased expenses and difficulty in managing inventory levels;
- delays to and/or lengthening of our sales or development cycles or qualification activity;
- challenges for us, our direct and indirect suppliers and our customers in obtaining financing due to turmoil in financial markets;
- workforce disruptions due to illness, quarantines, governmental actions, other restrictions, and/or the social distancing measures we have taken to mitigate the impact of COVID-19 at certain of our locations around the world in an effort to protect the health and well-being of our employees, customers, suppliers and of the communities in which we operate (including working from home, restricting the number of employees attending events or meetings in person, limiting the number of people in our buildings and factories at any one time, further restricting access to our facilities, suspending employee travel and inability to meet in person with customers);
- increased vulnerability to cyberattacks due to the significant number of employees working remotely; and
- our management team continuing to commit significant time, attention and resources to monitoring the COVID-19 pandemic and seeking to mitigate its effects on our business and workforce.

The ultimate extent of the impact of COVID-19 on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. These impacts, individually or in the aggregate, could have a material and adverse effect on our business, results of operations and financial condition. Such effect may be exacerbated in the event the pandemic and the measures taken in response to it, and their effects, persist for an extended period of time, or if there is a resurgence of the outbreak. Under any of these circumstances, the resumption of normal business operations may be delayed or hampered by lingering effects of COVID-19 on our operations, direct and indirect suppliers, partners, and customers.

We operate in highly competitive markets and our failure to anticipate and respond to technological changes and other market developments, including price, could harm our ability to compete.

We face intense competition in the data storage industry. Our principal sources of competition include:

- disk drive and SSD manufacturers, such as Micron Technology, Inc., Samsung Electronics, SK hynix, Inc., Toshiba Corporation, Kioxia Holdings Corporation and Western Digital Corporation; and
- companies that provide storage subsystems and components to OEMs, including electronic manufacturing services (“EMS”) and contract electronic manufacturing (“CEM”).

The markets for our data storage products are characterized by technological change, which is driven in part by the adoption of new industry standards. These standards provide mechanisms to ensure technology component interoperability but they also hinder our ability to innovate or differentiate our products. When this occurs, our products may be deemed commodities, which could result in downward pressure on prices.

We also experience competition from other companies that produce alternative storage technologies such as flash memory, where increasing capacity, decreasing cost, energy efficiency and improvements in performance have resulted in increased competition with our lower capacity, smaller form factor disk drives. Some customers for both mass capacity storage and legacy markets have adopted SSDs as an alternative to hard drives in certain applications. Further adoption of alternative storage technologies may limit our total addressable HDD market, impact the competitiveness of our product portfolio and reduce our market share. Any resulting increase in competition could have a material adverse effect on our business, financial condition and results of operations.

In addition, the barriers to entry into our markets could be lowered, allowing large EMS and CEM companies that utilize general-purpose design skills to enter our markets and reduce the value of our specialized research and design skills. If our markets become more commoditized and we fail to deliver innovative, alternative products to our customers or match the price declines or cost efficiencies, we will have difficulty competing against the large EMS and CEM companies. This could result in lower profit margins or a loss of market share. Any significant decline in our market share in any of our principal markets would adversely affect our results of operations.

We must plan our investments in our products and incur costs before we have customer orders or know about the market conditions at the time the products are produced. If we fail to predict demand accurately for our products or if the markets for our products change, we may be unable to meet demand or we may have insufficient demand, which may materially adversely affect our financial condition and results of operations.

Our industry operates primarily on quarterly purchasing cycles, with most of the orders typically coming at the end of each quarter. Our manufacturing process requires us to make significant product-specific investments in inventory each quarter for production in that quarter or a specific quarter in the future. As a result, we incur inventory and manufacturing costs in advance of anticipated sales that may never materialize or that may be substantially lower than expected. If actual demand for our products is lower than the forecast, we may also experience higher inventory carrying costs, manufacturing rework costs and product obsolescence. Conversely, if we underestimate demand, we may have insufficient inventory to satisfy demand and may have to forego sales.

Other factors that have affected and may continue to affect our ability to anticipate or meet the demand for our products and adversely affect our results of operations include:

- competitive product announcements or technological advances that result in excess supply when customers cancel purchases in anticipation of newer products;
- variable demand resulting from unanticipated upward or downward pricing pressures;
- our ability to successfully qualify, manufacture and sell our data storage products;
- changes in our product mix, which may adversely affect our gross margins;
- manufacturing delays or interruptions, particularly at our manufacturing facilities in China, Malaysia, Northern Ireland, Singapore, Thailand or the United States;
- limited access to components that we obtain from a single or a limited number of suppliers; and
- the impact of changes in foreign currency exchange rates on the cost of producing our products and the effective price of our products to non-U.S. customers.

In addition, we derive a portion of our revenues in each quarter from a small number of relatively large orders. If one or more of our key customers decides to defer or cancel a purchase order or delay product acceptance in any given quarter, our revenues for that quarter may be significantly reduced and fall below our expectations. Conversely, if one of our key customers unexpectedly increases its orders, we may be unable to produce the additional product volumes in a timely manner or take advantage of any overall increased market demand. This could damage our customer relationships and reputation, which may adversely affect our results of operations.

Changes in demand for computer systems, data storage subsystems and consumer electronic devices may in the future cause a decline in demand for our products.

Our products are components in computers, data storage systems and consumer electronic devices. Historically, the demand for these products has been volatile. Unexpected slowdowns in demand for computers, data storage subsystems or consumer electronic devices generally result in sharp declines in demand for our products. Declines in customer spending on the systems and devices that incorporate our products could have a material adverse effect on demand for our products and on our financial condition and results of operations. Uncertain global economic and business conditions can exacerbate these risks.

Sales to the legacy markets remain an important part of our business. These markets, however, have been, and we expect them to continue to be, adversely affected by:

- announcements or introductions of major new operating systems or semiconductor improvements or shifts in customer preferences, performance requirements and behavior, such as the shift to tablet computers, smart phones, NAND flash memory or similar devices;
- longer product life cycles; and
- changes in macroeconomic conditions that cause customers to spend less, such as the imposition of new tariffs, increased laws and regulations, and increased unemployment levels.

We believe these announcements and introductions from time to time have caused customers to defer or cancel their purchases, making certain inventory obsolete. Whenever an oversupply of products in the market causes participants in our industry to have higher than anticipated inventory levels, we experience even more intense price competition from other manufacturers than usual, which may materially adversely affect our financial results. We believe that the deterioration of demand for disk drives in certain of the legacy markets has accelerated, and this deterioration may continue or further accelerate, which could cause our operating results to suffer.

In addition, the demand for legacy markets products is volatile. This volatility may be exacerbated by competing alternative storage technologies, such as flash memory, which meet customers' cost and capacity metrics. Unpredictable fluctuations in demand for our products or rapid shifts in demand from our products to alternative storage technologies could materially adversely impact our future results of operations.

We are dependent on our long-term investments to manufacture adequate products. Our investment decisions in adding new assembly and test capacity require significant planning and lead-time, and a failure to accurately forecast demand for our products could cause us to over-invest or under-invest, which would lead to excess capacity, under-utilization charges, impairments or loss of sales and revenue opportunities.

Our ability to increase our revenue and maintain our market share depends on our ability to successfully introduce and achieve market acceptance of new products on a timely basis.

The markets for our products are characterized by rapid technological change, frequent new product introductions and technology enhancements, uncertain product life cycles and changes in customer demand.

Historically, our results of operations have substantially depended upon our ability to be among the first-to-market with new data storage product offerings. We may face technological, operational and financial challenges in developing new products. In addition, our investments in new product development may not yield the anticipated benefits. Our market share, revenue and results of operations in the future may be adversely affected if we fail to:

- consistently maintain our time-to-market performance with our new products;
- produce these products in adequate volume;
- qualify these products with key customers on a timely basis by meeting our customers' performance and quality specifications; or
- achieve acceptable manufacturing yields, quality and costs with these products.

Accordingly, we cannot accurately determine the ultimate effect that our new products will have on our results of operations. Our failure to accurately anticipate customers' needs and accurately identify the shift in technological changes could materially adversely affect our long-term financial results.

In addition, the limited number of high-volume OEMs magnifies the potential effect of missing a product qualification opportunity. If the delivery of our products is delayed, our OEM customers may use our competitors' products to meet their production requirements.

We cannot assure you that we will be among the leaders in time-to-market with new products or that we will be able to successfully qualify new products with our customers in the future. If our new products are not successful, our future results of operations may be adversely affected.

If our products do not keep pace with technological changes, our results of operations will be adversely affected.

Our customers demand new generations of storage products as advances in computer hardware and software have created the need for improved storage products, with features such as increased storage capacity, enhanced security, improved performance and reliability and lower cost. We, and our competitors, have developed improved products, and we will need to continue to do so in the future. If we are unable to develop new products, identify business strategies and timely introduce competitive product offerings to meet technological shifts, or we are unable to execute successfully, our business and results of operations may be adversely affected.

When we develop new products with higher capacity and more advanced technology, our results of operations may decline because the increased difficulty and complexity associated with producing these products increases the likelihood of reliability, quality or operability problems. If our products experience increases in failure rates, are of low quality or are not reliable, customers may reduce their purchases of our products, our factory utilization may decrease and our manufacturing rework and scrap costs and our service and warranty costs may increase. In addition, a decline in the reliability of our products may make it more difficult for us to effectively compete with our competitors.

Additionally, we may be unable to produce new products that have higher capacities and more advanced technologies in the volumes and timeframes that are required to meet customer demand. We are transitioning to key areal density recording technologies that use HAMR technology to increase HDD capacities. If our transitions to more advanced technologies, including the transition to HDDs utilizing HAMR technology, require development and production cycles that are longer than anticipated or if we otherwise fail to implement new HDD technologies successfully, we may lose sales and market share, which could significantly harm our financial results.

We may not be able to generate sufficient cash flows from operations and our investments to meet our liquidity requirements, including servicing our indebtedness.

Our business may not generate sufficient cash flows to enable us to meet our liquidity requirements, including working capital, capital expenditures, product development efforts, investments, servicing our indebtedness and other general corporate requirements. If we cannot fund our liquidity requirements, we may have to reduce or delay capital expenditures, product development efforts, investments and other general corporate expenditures. We cannot assure you that any of these remedies would, if necessary, be effected on commercially reasonable terms, or at all, or that they would permit us to meet our obligations, which would affect our results of operations.

We are leveraged and require significant amounts of cash to service our debt. Our debt and debt service requirements could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities and reduce our options for capital allocation. Our high level of debt presents the following risks:

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

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

We may not be successful in our efforts to grow our EDS and SSD revenues.

We have made and continue to make investments to grow our EDS and SSD revenues. Our ability to grow EDS and SSD revenues is subject to the following risks:

- we may be unable to accurately estimate and predict data center capacity and requirements;
- we may not be able to offer compelling solutions to enterprises and consumers;
- we may be unable to obtain cost effective supply of NAND flash memory in order to offer competitive SSD solutions; and
- our cloud systems revenues generally have a longer sales cycle, and growth is likely to depend on relatively large customer orders, which may increase the variability of our results of operations and the difficulty of matching revenues with expenses.

Our results of operations and share price may be adversely affected if we are not successful in our efforts to grow our revenues as anticipated. In addition, our growth in these markets may bring us into closer competition with some of our customers or potential customers, which may decrease their willingness to do business with us.

Changes in the macroeconomic environment may in the future negatively impact our results of operations.

Changes in macroeconomic conditions may affect consumer and enterprise spending, and as a result, our customers may postpone or cancel spending in response to volatility in credit and equity markets, negative financial news and/or declines in income or asset values, all of which may have a material adverse effect on the demand for our products and/or result in significant decreases in our product prices. Other factors that could have a material adverse effect on demand for our products and on our financial condition and results of operations include conditions in the labor market, healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer and business spending behavior.

Macroeconomic developments such as the withdrawal of the United Kingdom (“U.K.”) from the European Union (“EU”), slowing economies in parts of Asia and the Americas, increased tariffs between the U.S. and China, Mexico and other countries, or adverse economic conditions worldwide resulting from the COVID-19 pandemic and efforts of governments and private industry to slow the pandemic through stay at home orders, social distancing requirements and other disease control measures could negatively affect our business, operating results or financial condition which, in turn, could adversely affect the price of our ordinary shares. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their information technology (“IT”) budgets or be unable to fund data storage systems, which could cause customers to delay, decrease or cancel purchases of our products or cause customers not to pay us or to delay paying us for previously purchased products and services.

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

Our quarterly revenue and results of operations fluctuate, sometimes significantly, from period to period. These fluctuations, which we expect to continue, have been and may continue to be precipitated by a variety of factors, including:

- uncertainty in global economic and political conditions which may pose a risk to the overall economy or specific geographies or industries and adversely affect our customers' purchasing behavior;
- adverse changes in the level of economic activity in the major regions in which we do business;
- competitive pressures resulting in lower selling prices by our competitors which may shift demand away from our products toward those of our competitors;
- delays or problems in our introduction of new, more cost-effective products, the inability to achieve high production yields or delays in customer qualification or initial product quality issues;
- changes in purchasing patterns of our customers;
- application of new or revised industry standards;
- disruptions in our supply chain;
- increased costs or adverse changes in availability of supplies of raw materials or components;
- the impact of corporate restructuring activities that we have and may continue to engage in;
- changes in the demand for the computer systems and data storage products that contain our products due to seasonality, economic conditions and other factors;
- shifting trends in customer demand which, when combined with overproduction of particular products, particularly when the industry is served by multiple suppliers, results in unfavorable supply and demand imbalances;
- our high proportion of fixed costs, including research and development expenses;
- any impairments in goodwill or other long-lived assets;
- announcements of new products, services or technological innovations by us or our competitors;
- changes in tax laws, regulatory requirements, including export regulations or tariffs, or accounting standards; and
- adverse changes in the performance of our products.

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

We experience seasonal declines in the sales of our products during the second half of our fiscal year which may adversely affect our results of operations.

Sales of computers, storage subsystems and consumer electronic devices tend to be seasonal, and therefore, we expect to continue to experience seasonality in our business as we respond to variations in our customers' demand for our products. In particular, we anticipate that sales of our products will continue to be lower during the second half of our fiscal year. In the desktop and notebook, consumer and gaming storage legacy markets applications of our data storage business, this seasonality is partially attributable to the historical trend of our customers' increased sales of desktop computers, notebook computers and consumer electronics during the back-to-school and winter holiday season. In the desktop and notebook, consumer and gaming storage legacy markets, our sales are seasonal because of the purchasing cycles of our end users. We also experience seasonal reductions in the business activities of our customers during international holidays like Lunar New Year, as well as in the summer months (particularly in Europe), which typically result in lower sales during those periods. Since our working capital needs peak during periods in which we are increasing production in anticipation of orders that have not yet been received, our results of operations will fluctuate seasonally even if the forecasted demand for our products proves accurate. Furthermore, it is difficult for us to evaluate the degree to which this seasonality may affect our business in future periods because of the rate and unpredictability of product transitions and new product introductions, as well as macroeconomic conditions.

We have a long and unpredictable sales cycle for nearline and mission critical storage solutions, which impairs our ability to accurately predict our financial and operating results in any period and may adversely affect our ability to forecast the need for investments and expenditures.

Our nearline and mission critical storage solutions are technically complex and we typically supply them in high quantities to a small number of customers. Many of our products are also tailored to meet the specific requirements of individual customers, and are often integrated by our customers into the systems and products that they sell. Factors that affect the length of our sales cycle include:

- the time required for developing, testing and evaluating our products before they are deployed;
- the size of the deployment; and
- the complexity of system configuration necessary to deploy our products.

As a result, our sales cycle for nearline and mission critical storage solutions is often in excess of one year and frequently unpredictable. Given the length of development and qualification programs and unpredictability of the sales cycle, we may be unable to accurately forecast product demand, which may result in lost sales or excess inventory and associated inventory reserves or write-downs, each of which could harm our business, financial condition and results of operations.

We may be adversely affected by the loss of, or reduced, delayed or canceled purchases by, one or more of our key customers.

Some of our key customers account for a large portion of our revenue. While we have long-standing relationships with many of our customers, if any of our key customers were to significantly reduce their purchases from us, or we were prohibited or restricted by law, regulation or other governmental action from selling to those key customers, our results of operations would be adversely affected. Although sales to key customers may vary from period to period, a key customer that permanently discontinues or significantly reduces its relationship with us could be difficult to replace. In line with industry practice, new key customers usually require that we pass a lengthy and rigorous qualification process at the customer's expense. Accordingly, it may be difficult or costly for us to attract new key customers.

Additionally, if there is consolidation among our customer base, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. Furthermore, if, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, it might not be feasible to sell our products to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could adversely affect our results of operations. If a significant transaction or regulatory impact involving any of our key customers results in the loss of or reduction in purchases by these key customers, it could have a materially adverse effect on our business, results of operations and financial condition.

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

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

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

Our worldwide sales and manufacturing operations subject us to risks that may adversely affect our business related to disruptions in international markets, currency exchange fluctuations, longer payment cycles, potential adverse tax consequences, increased costs, our customers' credit and access to capital, health-related risks (including pandemics such as COVID-19), investment risks, tariffs, privacy and protection of data, and access to personnel.

We have significant sales and manufacturing operations outside of the United States, including manufacturing facilities, sales personnel and customer support operations. We have manufacturing facilities in China, Malaysia, Northern Ireland, Singapore, Thailand, and the United States. Additionally, the manufacturing of some of our products is concentrated in certain geographical locations. The production of certain drive subassemblies are limited to Thailand and the production of media is limited to Singapore. We also generate a significant portion of our revenue from sales outside the United States. Disruptions in the economic, environmental, political, legal or regulatory landscape in these countries may have a material adverse impact on our manufacturing and sales operations.

Our worldwide operations are subject to economic, regulatory and other risks inherent in doing business internationally, including the following:

- ***Disruptions in International Markets.*** Disruptions in financial markets and the deterioration of the underlying economic conditions in the past in some countries, including the United Kingdom and those in Asia and the European Union have had an impact on our sales to customers located in, or whose end-user customers are located in, these countries.
- ***Fluctuations in Currency Exchange Rates.*** Prices for our products are denominated predominantly in dollars, even when sold to customers that are located outside the U.S. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside of the U.S. where we sell in dollars. This could adversely impact our sales and market share in such areas or increase pressure on us to lower our price, and adversely impact our profit margins. In addition, we have revenue and expenses denominated in currencies other than the dollar, primarily the Thai Baht, Singaporean dollar, Chinese Renminbi and British Pound Sterling, which further exposes us to adverse movements in foreign currency exchange rates. A weakened dollar could increase the effective cost of our expenses such as payroll, utilities, tax and marketing expenses, as well as overseas capital expenditures. Any of these events could have a material adverse effect on our results of operations. We have attempted to manage the impact of foreign currency exchange rate changes by, among other things, entering into foreign currency forward exchange contracts from time to time, which could be designated as cash flow hedges or not designated as hedging instruments. Our hedging strategy may be ineffective, and specific hedges may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. The hedging activities may not cover our full exposure, subject us to certain counterparty credit risks and may impact our results of operations. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk— *Foreign Currency Exchange Risk*" of this report for additional information about our foreign currency exchange risk.
- ***Longer Payment Cycles.*** Our customers outside of the United States are sometimes allowed longer time periods for payment than our U.S. customers. This increases the risk of nonpayment due to the possibility that the financial condition of particular customers may worsen during the course of the payment period.

- *Potential Adverse Tax Consequences.* We are incorporated in Ireland and have offices, operations, and subsidiaries in many countries around the world. Our international operations create a risk of potential adverse tax consequences, including imposition of withholding or other taxes on payments by our subsidiaries. In addition, our taxable income in any jurisdiction is dependent upon acceptance of our operational practices and intercompany transfer pricing by local tax authorities as being on an arm's length basis. Due to inconsistencies in application of the arm's length standard among taxing authorities, as well as a lack of adequate treaty-based protection, transfer pricing challenges by tax authorities could, if successful, substantially increase our income tax expense. We are subject to tax audits around the world, and are under audit in various jurisdictions, and such jurisdictions have in the past assessed and may in the future assess additional income tax against us. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our recorded income tax provisions and accruals. The ultimate results of an audit could have a material adverse effect on our results of operations or cash flows in the period or periods for which that determination is made and could result in increases to our overall tax expense in subsequent periods. In light of the ongoing fiscal challenges many countries are facing, various levels of government are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue. In addition, the Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting recommendations are reshaping international tax rules in numerous countries. These actual and potential changes in the relevant tax laws applicable to corporate multinationals along with potential changes in accounting and other laws, regulations, administrative practices, principles and interpretations could increase the risk of double taxation, cause increased tax audit activity, and could impact our effective tax rate.
- *Increased Costs.* The shipping and transportation costs associated with our international operations are typically higher than those associated with our U.S. operations, resulting in decreased operating margins in some countries. Volatility in fuel costs, political instability or constraints in or increases in the costs of air transportation may lead us to develop alternative shipment methods, which could disrupt our ability to receive raw materials, or ship finished product, and as a result our business and results of operations may be harmed.
- *Credit and Access to Capital Risks.* Our customers could have reduced access to working capital due to global economic conditions, higher interest rates, reduced bank lending resulting from contractions in the money supply or the deterioration in the customer's, or their bank's financial condition or the inability to access other financing, which would increase our credit and non-payment risk, and could result in an increase in our operating costs or a reduction in our revenue. In addition, some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies, such as original design manufacturers, that provide manufacturing and fulfillment services to our OEM customers. Because these subcontractors are generally not as well capitalized as our direct OEM customers, this subcontractor model exposes us to increased credit risks. Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk.
- *Global Health Outbreaks.* The occurrence of a pandemic disease, such as the recent COVID-19 pandemic, has impacted and may adversely impact our operations (including, without limitation, logistical and other operational costs) and the operations of some of our key direct and indirect suppliers and customers. The reactions by governments and private industry to such diseases have also disrupted and could continue to disrupt the availability, timeliness and reliability of the supply chains and distribution networks we rely on.

- *Privacy and Protection of Data.* Our business is subject to a number of laws, rules and regulations in the countries where we operate pertaining to the collection, processing, security, use, retention and transfer of information about our customers, consumers and employees. For example, the General Data Protection Regulation (“GDPR”), which is in effect in the European Economic Area (“EEA”), applies to our operations. The GDPR imposes stringent data protection requirements in the EEA and provides for greater penalties for noncompliance of up to the greater of 4% of worldwide annual revenue or €20 million. In China, we are monitoring legal and government advisory developments regarding the Chinese Cybersecurity Law and Draft Cybersecurity Review Measures for impacts to our business related to cross-border transfer limitations and evolving privacy, security, or data protection requirements. In the U.S., numerous federal and state laws, rules and regulations apply to our data handling practices. For example, California recently enacted legislation, the California Consumer Privacy Act (“CCPA”) which, among other things, requires new disclosures to California consumers and affords such consumers new abilities to opt-out of certain sales of personal information. The CCPA has required us to modify our data processing practices and policies and incur substantial compliance-related costs and expenses. Additionally, a new privacy law, the California Privacy Rights Act (“CPRA”), recently was certified by the California Secretary of State to appear on the ballot for the November 3, 2020 election. If this initiative is approved by California voters, the CPRA would significantly modify the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses. The U.S. federal government and other states in the U.S. also have proposed or enacted similar laws and regulations relating to privacy and data protection. Some countries have passed or are considering legislation limiting extraterritorial transfers of data, including requiring the local storage and processing of data or similar requirements. As a result of the July 16, 2020, European Court of Justice (“ECJ”), opinion in Case C-311/18 (Data Protection Commissioner v Facebook Ireland Limited and Maximillian Schrems), the EU-U.S. Privacy Shield Framework was deemed an invalid method of compliance with restrictions set forth in the GDPR regarding the transfer of personal data from EEA member states to the U.S. and uncertainty was expressed regarding viability of the Standard Contractual Clauses option as a method of transferring personal data outside of the EEA. Present solutions to legitimize transfers of personal data from the EEA may be challenged or deemed insufficient, whether as a result of future ECJ rulings, changes in the GDPR (and EEA member states’ implementations thereof), successor EEA data protection regulations, or otherwise, and may have a material adverse effect on our business, including our data transfers, financial condition, operating results and reputation. Laws, rules and regulations relating to privacy and data protection evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement, and may be inconsistent from one jurisdiction to another. Compliance with various laws, rules, rulings, and regulations relating to privacy and data protection have required and may continue to require us to change our data practices, which resulted and may continue to result in increased costs, require significant changes to our business and operations and could otherwise have an adverse effect on our business and results of operations. Actual or perceived violations of privacy or data protection laws could result in adverse effects on our business and results of operations including damage to our brand and reputation, significant financial penalties and liability, governmental investigations and proceedings, private actions, and unanticipated changes to our data handling and processing practices. We cannot ensure that any limitation-of-liability provisions in our customer and user agreements, contracts with third-party vendors and service providers or other contracts are enforceable or adequate or would protect us from any liabilities or damages with respect to claims relating to a security breach or other security-related matter. Although our insurance policies include some liability coverage, if we experienced a widespread security breach or other incident then we could be subject to indemnity claims or other damages that either aren’t covered or exceed our insurance coverage. We also cannot be certain that our insurance coverage is adequate for data-handling or data-security liabilities incurred, or that insurance will continue to be available to us on economically reasonable terms or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more claims against us that exceed our insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results and reputation.
- *Access to Personnel.* There is substantial competition for qualified and capable personnel in certain jurisdictions in which we operate, including the U.S., Thailand, China and Singapore, which may make it difficult for us to recruit and retain qualified employees in sufficient numbers. The reductions in workforce that result from our historical restructurings have made and may continue to make it difficult for us to recruit and retain personnel. Increased difficulty in access to, or recruiting or retaining sufficient and adequate personnel in our international operations may lead to increased manufacturing and employment compensation costs, which could adversely affect our results of operations.

We are subject to counterparty default risks.

We have numerous arrangements with financial institutions that subject us to counterparty default risks, including cash and investment deposits, and foreign currency forward exchange contracts and other derivative instruments. As a result, we are subject to the risk that the counterparty to one or more of these arrangements will, voluntarily or involuntarily, default on its performance obligations. In times of market distress in particular, a counterparty may not comply with its contractual commitments that could then lead to it defaulting on its obligations with little or no notice to us, thereby limiting our ability to take action to lessen or cover our exposure. Additionally, our ability to mitigate our counterparty exposures could be limited by the terms of the relevant agreements or because market conditions prevent us from taking effective action. If one of our counterparties becomes insolvent or files for bankruptcy, our ability to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings. In the event of any such counterparty default, we could incur significant losses, which could have a material adverse effect on our business, results of operations, or financial condition.

Our business is subject to various laws, regulations and governmental policies that may cause us to incur significant expense.

Our business is subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies. There can be no assurance that laws, regulations and policies will not be changed in ways that will require us to modify our business model and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, legislative, regulatory or other areas of significance for our businesses that U.S. and non-U.S. governments have focused and continue to focus on, including antitrust and competition law, improper payments, data privacy and sovereignty, currency exchange controls that could restrict the movement of liquidity from particular jurisdictions, trade controls or tariffs on imports and exports in the U.S. or other countries, complex economic sanctions and the enactment of U.S. tax reform and potential further changes to global tax laws, have had and may continue to have an effect on our corporate structure, operations, sales, liquidity, capital requirements, effective tax rate and financial performance. China, Malaysia, Northern Ireland, Singapore and Thailand, in which we have significant operating assets, and the European Union each have exercised and continue to exercise significant influence over many aspects of their domestic economies including, but not limited to, fair competition, tax practices, anti-corruption, anti-trust, price controls and international trade.

In addition, regulation or government scrutiny may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Although we have implemented policies and procedures designed to ensure compliance, there can be no assurance that our employees, contractors or agents will not violate these or other applicable laws, rules and regulations to which we are and may be subject. Violations of these laws and regulations could lead to significant penalties, restraints on our export or import privileges, monetary fines, government investigations, disruption of our operating activities, damage to our reputation and corporate brand, criminal proceedings and regulatory or other actions that could materially adversely affect our results of operations. The political and media scrutiny surrounding a governmental investigation for the violation of such laws, even if an investigation does not result in a finding of violation, could cause us significant expense and collateral consequences, including reputational harm, that could have an adverse impact on our business, results of operations and financial condition.

Changes in U.S. trade policy, including the imposition of sanctions or tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.

The U.S. government has adopted a new approach to trade policy including in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. The U.S. government has also imposed tariffs on certain non-U.S. goods, including information and communication technology products. These measures may materially increase costs for goods imported into the United States. This in turn could require us to materially increase prices to our customers which may reduce demand, or, if we are unable to increase prices to adequately address any tariffs, quotas or duties result in lowering our margin on products sold. Changes in U.S. trade policy have resulted in, and could result in more, U.S. trading partners adopting responsive trade policies, including imposition of increased tariffs, quotas or duties, making it more difficult or costly for us to export our products to those countries. The implementation of a border tax, tariff or higher customs duties on our products manufactured abroad or components that we import into the U.S., or any potential corresponding actions by other countries in which we do business, could negatively impact our financial performance. The U.S. government also imposes sanctions through executive orders restricting U.S. companies from conducting business activities with specified individuals and companies, and the sanctions imposed by the U.S. government could be expanded in the future. If we are unable to conduct business with new or existing customers, our business, including revenue, profitability and cash flows, could be materially adversely affected.

We could suffer a loss of revenue and increased costs, exposure to significant liability including legal and regulatory consequences, reputational harm and other serious negative consequences in the event of cyber-attacks, ransomware or other cyber 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. We manage and store various proprietary information and sensitive or confidential data relating to our operations. As our operations become more automated and increasingly interdependent, our exposure to the risks posed by storage and maintenance of data will continue to increase. The measures we have implemented to secure our computer equipment and electronic data have been and may continue to be vulnerable to phishing, employee error, hacking, malfeasance, system error or other irregularities and may not be sufficient for all eventualities, including sustained maintenance of remote working requirements. The insurance coverage we maintain that is intended to address certain data security risks, may be insufficient to cover all types of claims or losses that may arise. We have been, and will likely continue to be, subject to computer viruses or other malicious codes, cyber-attacks or other computer-related attempts to breach the IT systems we use for these purposes. We have been and may also continue to be subject to IT system failures and network disruptions due to these factors. Experienced computer programmers and hackers may be able to penetrate our network security, 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. Such attempts are increasing in technical sophistication, number and the ability to evade detection or to obscure such activities. Although we take steps to protect against and detect such attempts, our efforts may not be sufficient for all eventualities, including sustained maintenance of remote working requirements. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of the system.

The costs to us to eliminate or address the foregoing security problems and security vulnerabilities before or after a cyber-incident could be significant. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. We could lose existing or potential customers for outsourcing services or other IT solutions in connection with any actual or perceived security vulnerabilities in our products. Some of our products contain encryption and other measures to protect third-party content stored on our products. Such measures may be compromised, breached or circumvented by sophisticated attackers and losses or unauthorized access to or releases of confidential information may occur. 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, has exposed us and 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 or governmental investigations and potential liability for us, damage our brand and reputation or otherwise harm our business. Failure to meet our contractual obligations to promote information security with certain customers may result in liability, including additional costs, indemnification claims, litigation and damage to our brand and reputation. 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. Our business, brand and reputation could also be adversely affected by media or other reports of perceived security vulnerabilities in our products, network or processes, even if unsubstantiated.

We are subject to laws, rules and regulations in the U.S., U.K., EU and other countries relating to the collection, use, and security of user data. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, and among us, our subsidiaries and other parties with which we have commercial relations. 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 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 and contractual obligations. These laws, protocols and standards continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing international requirements has caused and may continue to cause us to incur substantial costs or required or may continue to require us to change our business practices. If we fail to comply with applicable federal, state or international privacy-related or data protection laws we may be subject to proceedings by governmental entities and incur penalties, significant legal liability or reputational harm.

We must successfully maintain and upgrade our IT systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we expand and improve our IT systems to support our business going forward. Consequently, we are in the process of implementing, and will continue to invest in and implement, modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools, including in connection with the sustained maintenance of remote working requirements. These types of activities subject us to inherent costs and risks associated with changing and acquiring these systems, policies, procedures and monitoring tools, including capital expenditures, additional operating expenses, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems policies, procedures or monitoring tools into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures or our inability to successfully modify our IT systems, policies, procedures or monitoring tools to respond to changes in our business needs have caused and may continue to cause disruptions in our business operations and may have a material adverse effect on our business, financial condition and results of operations.

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, availability and supply of components, subassemblies, certain equipment and raw materials used to manufacture our products and key components like recording media and heads are critical to our success. Particularly important for our products are components such as read/write heads, substrates for recording media, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory. In addition, 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.

We rely on sole direct and indirect suppliers or a limited number of direct and indirect suppliers for some or all of these components that we do not manufacture, including substrates for recording media, read/write heads, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory. Many of such direct and indirect component suppliers are geographically concentrated, making our supply chain more vulnerable to regional disruptions such as severe weather, the occurrence of local or global health issues or pandemics (such as COVID-19), acts of terrorism and an unpredictable geopolitical climate, which may have a material impact on the production, availability and transportation of many components. For example, we have experienced and continue to experience disruptions in our supply chain due to the impact of the COVID-19 pandemic. If our direct and indirect vendors for these components are unable to meet our cost, quality, supply and transportation requirements, continue to remain financially viable or fulfill their contractual commitments and obligations, we could experience disruption in our supply chain, including shortages in supply or increases in production costs, which would materially 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 China. We cannot predict whether any nation will impose regulations or trade barriers including tariffs, duties, 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. Further, if our customers experience shortages of components or materials used in their products it could result in a decrease in demand for our products and have an adverse effect on our results of operations. 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.

From time to time, we may be subject to litigation, government investigations or governmental proceedings, which may adversely impact our results of operations and financial condition.

From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, negotiations or proceedings arising in the normal course of business. In the event of litigation, government investigations or governmental proceedings, we are subject to the inherent risks and uncertainties that may result if outcomes differ from our expectations. In the event of adverse outcomes in any litigation, investigation or government proceeding, we could be required to pay substantial damages, fines or penalties and cease certain practices or activities, which could materially harm our business.

The costs associated with litigation and government investigations can also be unpredictable depending on the complexity and length of time devoted to such litigation or investigation. Litigation, investigations or government proceedings may also divert the efforts and attention of our key personnel, which could also harm our business.

If we do not control our fixed costs, we will not be able to compete effectively in our industry.

We continually seek to make our cost structure and business processes more efficient. We are focused on increasing workforce flexibility and scalability, and improving overall competitiveness by leveraging our global capabilities, as well as external talent and skills, worldwide. Our strategy involves, to a substantial degree, increasing revenue and exabytes volume while at the same time controlling operating expenses. If we do not control our operating expenses, our ability to compete in the marketplace may be impaired. In the past, activities to reduce operating costs have included closures and transfers of facilities, significant personnel reductions, restructuring efforts and efforts to increase automation. Our restructuring efforts may not yield the intended benefits and may be unsuccessful or disruptive to our business operations which may materially adversely affect our financial results.

Shortages or delays in critical components, as well as reliance on single-source suppliers, can affect our production and development of products and may harm our operating results.

We are dependent on a limited number of qualified suppliers who provide critical materials or 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 may 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 may 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. Many of our suppliers' manufacturing facilities are fully utilized. If they fail to invest in additional capacity or deliver components in the required timeframe, such failure would have an impact on our ability to ramp new products, and may result in a loss of revenue or market share if our competitors did not utilize the same components and were not affected.

We often aim to lead the market in new technology deployments and leverage unique and customized technology from single source suppliers who are early adopters in the emerging market. Our options in supplier selection in these cases are limited and the supplier based technology has been and may continue to be single sourced until wider adoption of the technology occurs and any necessary licenses become available. In such cases, any technical issues in the supplier's technology may cause us to delay shipments of our new technology deployments and harm our financial position.

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

From time to time, we enter into long-term, non-cancelable purchase commitments or make large up-front investments with certain suppliers in order to secure certain components or technologies for the production of our products or to supplement our internal manufacturing capacity for certain components. If our actual revenues in the future are lower than our projections or if customer demand decreases significantly below our projections, we may not meet all of our purchase commitments with these suppliers. As a result, it is possible that our revenues will not be sufficient to recoup our up-front investments, in which case we will have to shift output from our internal manufacturing facilities to these suppliers or make penalty-type payments under the terms of these contracts. Additionally, because our markets are volatile, competitive and subject to rapid technology and price changes, we face inventory and other asset risks in the event we do not fully utilize firm purchase commitments.

The loss of key executive officers and employees could negatively impact our business prospects.

Our future performance depends to a significant degree upon the continued service of key members of management as well as marketing, sales and product development personnel. We believe our future success will also depend in large part upon our ability to attract, retain and further motivate highly skilled management, marketing, sales and product development personnel. We have experienced intense competition for personnel, and we cannot assure you that we will be able to retain our key employees or that we will be successful in attracting, assimilating and retaining personnel in the future. Additionally, because a portion of our key personnel's compensation is contingent upon the performance of our business, including through cash bonuses and equity compensation, when our results of operations or financial condition are negatively impacted, we may be at a competitive disadvantage for retaining and hiring employees. The loss of one or more of our key personnel or the inability to hire and retain key personnel could have a material adverse effect on our business, results of operations and financial condition.

Due to the complexity of our products, some defects may only become detectable after deployment.

Our products are highly complex and are designed to operate in and form part of larger complex networks and storage systems. Our products may contain a defect or be perceived as containing a defect by our customers, as a result of improper use or maintenance. Lead times required to manufacture certain components are significant, and a quality excursion may take significant time and resources to remediate. Defects in our products, third-party components or in the networks and systems of which they form a part, directly or indirectly, have resulted in and may in the future result in:

- increased costs and product delays until complex solution level interoperability issues are resolved;
- costs associated with the remediation of any problems attributable to our products;
- loss of or delays in revenues;
- loss of customers;
- failure to achieve market acceptance and loss of market share;
- increased service and warranty costs; and
- increased insurance costs.

Defects in our products could also result in legal actions by our customers for property damage, injury or death. Such legal actions, including but not limited to product liability claims could exceed the level of insurance coverage that we have obtained. Any significant uninsured claims could significantly harm our financial condition.

We may pursue strategic alliances, acquisitions, joint ventures and investment opportunities that involve risks that could adversely affect our results of operations.

From time to time, we pursue strategic alliances, acquisitions, joint ventures and investments in other companies that are complementary to our business. There is substantial competition for attractive strategic alliance, acquisition, joint venture and investment candidates. Therefore, we may not be able to identify suitable strategic alliances, acquisition, joint venture, or investment candidates. Even if we can identify them, the terms on which we are able to consummate a transaction may not be commercially reasonable for us to pursue. We cannot assure you that we will be able to partner with, acquire or invest in suitable candidates, or integrate acquired technologies or operations successfully into our existing technologies and operations. Moreover, our ability to finance potential strategic alliances, acquisitions, joint ventures or investments may be limited by market conditions, our leverage level, the covenants contained in the instruments that govern our outstanding indebtedness, and any agreements governing any other debt we may incur. In addition, our cash reserves could diminish significantly as a result of any acquisitions, joint ventures, strategic alliances or other investments we pursue. Even if we are successful in forming strategic alliances or acquiring, forming joint ventures with or making investments in other companies, we cannot be certain that we will realize the anticipated benefits or synergies of any strategic alliance, acquisition, joint venture or investment that we pursue, which could cause, among other things, an impairment of goodwill or intangible assets. If our goodwill or net intangible assets become impaired, we may be required to record a charge to our Consolidated Statements of Comprehensive Income which would adversely affect our financial results.

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

War, terrorism, geopolitical uncertainties, natural disasters, public health issues and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on our business, our direct and indirect suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters such as floods and earthquakes, fires, power or water shortages, terrorist attacks, other hostile acts, labor disputes, public health issues (such as the COVID-19 pandemic), and other events beyond our control. Such events may decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers or to receive components from our direct and indirect suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster, losses and significant recovery time could be required to resume operations and our financial condition and results of operations could be materially adversely affected. Should major public health issues, including pandemics, arise, we could be negatively affected by stringent employee travel restrictions, additional limitations or cost increases in freight and other logistical services, governmental actions limiting the movement of products or employees between regions, increases in or changes to data collection and reporting obligations, delays in production ramps of new products, and disruptions in our operations and those of some of our key direct and indirect suppliers and customers. For example, the recent COVID-19 pandemic has resulted in government-imposed travel restrictions, border closures, stay-at-home orders, facility closures or operating constraints in a number of locations including, but not limited to, China, Malaysia, Singapore and the United States, disruptions in our operations and those of our suppliers, partners, and customers, increases in air freight rates, limited numbers of employees available to staff manufacturing operations, and shortages of supplies of personal protective equipment required for our manufacturing operations. If any of these circumstances continue for an extended period of time, our manufacturing ability and capacity, or those of our key direct and indirect suppliers or customers, could be impacted, and our results of operations and financial condition could be adversely affected.

Failure to comply with applicable environmental laws and regulations, customer requirements and regulations regarding conflicts minerals and other laws and regulations applicable to our business could have a material adverse effect on our business, results of operations and financial condition.

The sale and manufacturing of products in certain states and countries has and may continue to subject us and our suppliers to state, federal and international laws and regulations governing protection of the environment, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, restrictions on the presence of certain substances in electronic products and the responsibility for environmentally safe disposal or recycling. We endeavor to ensure that we and our suppliers comply with all applicable environmental laws and regulations, however, compliance has increased and may continue to increase our operating costs and may otherwise impact future financial results. If additional or more stringent requirements are imposed on us in the future, we could incur additional operating costs and capital expenditures. If we fail to comply with applicable environmental laws, regulations, initiatives, or standards of conduct, our customers may refuse to purchase our products and we could be subject to fines, penalties and possible prohibition of sales of our products into one or more states or countries, liability to our customers and damage to our reputation, which could result in a material adverse effect on our financial condition or results of operations.

SEC rules require certain disclosures regarding the use of specified minerals, often referred to as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured. These rules could affect our ability to source, directly or indirectly, certain materials used in our products at competitive prices and could impact the availability of certain minerals used in the manufacture of our products, including gold, tantalum, tin and tungsten. As there may be only a limited number of suppliers of “conflict free” minerals, we cannot be sure that we will be able to obtain necessary conflict free minerals in sufficient quantities or at competitive prices. Our customers, including our OEM customers, may require that our products be free of conflict minerals, and our revenues and margins may be harmed if we are unable to procure conflict free minerals at a reasonable price, or at all, or are unable to pass through any increased costs associated with meeting these demands. We may also face challenges with government regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free. Furthermore, our customers and manufacturing stakeholders may place increased demands on our compliance framework which may in turn negatively impact our relationships with our suppliers. If we are unable to comply with requirements regarding the use of conflict and other minerals, our business, financial condition or results of operations may be materially adversely affected.

Any cost reduction initiatives that we undertake may not deliver the results we expect, and these actions may adversely affect our business.

From time to time, we engage in restructuring plans that have resulted and may continue to result in workforce reduction and consolidation of our real estate facilities and our manufacturing footprint. In addition, management will continue to evaluate our global footprint and cost structure, and additional restructuring plans are expected to be formalized. As a result of our restructurings, we have experienced and may in the future experience a loss of continuity, loss of accumulated knowledge, disruptions to our operations and inefficiency during transitional periods. Additionally, global footprint consolidation and reduction in excess capacity may result in us being unable to respond to increases in forecasted volume of customer demand and loss of revenue opportunity if our competitors have underutilized factories. Any cost-cutting measures could impact employee retention. In addition, we cannot be sure that any future cost reductions or global footprint consolidations will deliver the results we expect, be successful in reducing our overall expenses as we expect or that additional costs will not offset any such reductions or global footprint consolidation. If our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our results of operations may be adversely affected.

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

The use of a portion of our U.S. net operating loss and tax credit carryforwards is subject to annual limitations pursuant to U.S. tax law. Sections 382 and 383 of the U.S. Internal Revenue Code generally impose annual limitations on the amount of net operating loss and tax credit carryforwards that may be used to offset taxable income when a corporation has undergone significant changes in ownership. As a result, future changes in ownership could put further limitations on the availability of our net operating loss or tax credit carryforwards. See “Item 8. Financial Statements and Supplementary Data—Note 5. Income Taxes” contained in this report for, among other things, a description of current net operating loss and tax credit carryforward limitations.

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

We are subject from time-to-time to legal proceedings and claims, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties by us, or our customers, in connection with the use of our products. Intellectual property litigation can be expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business. In addition, intellectual property lawsuits are subject to inherent uncertainties due to the complexity of the technical issues involved, which may cause actual results to differ materially from our expectations. Patent litigation has increased due to the current uncertainty of the law and the increasing competition and overlap of product functionality in the field. Some of the actions that we face from time-to-time seek injunctions against the sale of our products and/or substantial monetary damages, which, if granted or awarded, could materially harm our business, financial condition and operating results.

We cannot be certain that our products do not and will not infringe issued patents or other intellectual property rights of others. We may not be aware of currently filed patent applications that relate to our products or technology. If patents are later issued on these applications, we may be liable for infringement. If our products were found to infringe the intellectual property rights of others, we could be required to pay substantial damages, cease the manufacture, use and sale of infringing products in one or more geographic locations, expend significant resources to develop non-infringing technology, discontinue the use of specific processes or obtain licenses to the technology infringed. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer our products successfully to avoid infringement. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products, which could adversely affect our results of operations and financial condition. See "Item 8. Financial Statements and Supplementary Data—Note 14. Legal, Environmental and Other Contingencies" contained in this report for a description of pending intellectual property proceedings.

We may be unable to protect our intellectual property rights, which could adversely affect our business, financial condition and results of operations.

We rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements, security measures and licensing arrangements to protect our intellectual property rights. In the past, we have been involved in significant and expensive disputes regarding our intellectual property rights and those of others, including claims that we may be infringing patents, trademarks and other intellectual property rights of third-parties. We expect that we will be involved in similar disputes in the future.

There can be no assurance that:

- any of our existing patents will continue to be held valid, if challenged;
- patents will be issued for any of our pending applications;
- any claims allowed from existing or pending patents will have sufficient scope or strength to protect us;
- our patents will be issued in the primary countries where our products are sold in order to protect our rights and potential commercial advantage;
- we will be able to protect our trade secrets and other proprietary information through confidentiality agreements with our customers, suppliers and employees and through other security measures; and
- others will not gain access to our trade secrets.

In addition, our competitors may be able to design their products around our patents and other proprietary rights. Enforcement of our rights often requires litigation. If we bring a patent infringement action and are not successful, our competitors would be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable.

Furthermore, we have significant operations and sales in countries where intellectual property laws and enforcement policies are often less developed, less stringent or more difficult to enforce than in the United States. Therefore, we cannot be certain that we will be able to protect our intellectual property rights in jurisdictions outside the United States.

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

The market price of our ordinary shares has experienced price fluctuations and could be subject to wide fluctuations in the future. The market price of our ordinary shares has fluctuated and may continue to fluctuate significantly in response to various factors including:

- general uncertainty in stock market conditions occasioned by global economic conditions and negative financial news unrelated to our business or industry, including the impact of the recent COVID-19 pandemic;
- the timing and amount of our share repurchases;
- actual or anticipated variations in our results of operations;
- announcements of innovations, new products or significant price reductions by us or our competitors, including those competitors who offer alternative storage technology solutions;
- our failure to meet our guidance or the performance estimates of investment research analysts;
- the timing of announcements by us or our competitors of significant contracts or acquisitions;
- significant announcements by or changes in financial condition of a large customer;
- general stock market conditions;
- actual or perceived security breaches or security vulnerabilities;
- the occurrence of major catastrophic events;
- changes in financial estimates by investment research analysts;
- actual or anticipated changes in the credit ratings of our indebtedness by rating agencies; and
- the sale of our ordinary shares held by certain equity investors or members of management.

Market price fluctuations of our ordinary shares has impacted and could continue to impact the value of our equity compensation, which could affect our ability to recruit and retain employees. In addition, in the past, following periods of decline in the market price of a company's securities, class action lawsuits have often been pursued against that company. If similar litigation were pursued against us, it could result in substantial costs and a diversion of management's attention and resources, which could materially adversely affect our results of operations, financial condition and liquidity.

Any decision to reduce or discontinue the payment of cash dividends to our shareholders or the repurchase of our ordinary shares pursuant to our previously announced share repurchase program could cause the market price of our ordinary shares to decline significantly.

Although historically we have announced regular cash dividend payments and a share repurchase program, we are under no obligation to pay cash dividends to our shareholders in the future at historical levels or at all or to repurchase our ordinary shares at any particular price or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. Our previously announced share repurchase program may be suspended or discontinued at any time. Our payment of quarterly cash dividends and the repurchase of our ordinary shares pursuant to our share repurchase program are subject to, among other things, our financial position and results of operations, available cash and cash flow, capital and regulatory requirements, market and economic conditions, our ordinary share price and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchase of our ordinary shares pursuant to our share repurchase program could cause the market price of our ordinary shares to decline significantly. Moreover, in the event our payment of quarterly cash dividends or repurchases of our ordinary shares are reduced or discontinued, our failure to resume such activities at historical levels could result in a persistent lower market valuation of our ordinary shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Ireland. Our principal manufacturing facilities are located in China, Malaysia, Northern Ireland, Singapore, Thailand and the United States. Our principal product development facilities are located in California, Colorado, Minnesota and Singapore. Our leased facilities are occupied under leases that expire on various dates through 2082.

Our main material manufacturing, product development and marketing and administrative facilities at July 3, 2020 are as follows:

Location	Building(s) Owned or Leased	Approximate Square Footage	Primary Use
Europe			
<i>Northern Ireland</i>			
Springtown	Owned	479,000	Manufacture of recording heads
United States			
California	Owned	412,000	Product development, marketing and administrative and operational offices
Colorado	Owned	528,000	Product development
Minnesota	Owned/Leased	1,096,000	Manufacture of recording heads and product development
Asia			
<i>China</i>			
Wuxi	Leased	738,000	Manufacture of drives and drive subassemblies
<i>Malaysia</i>			
Johor	Owned ⁽¹⁾	631,000	Manufacture of substrates
<i>Singapore</i>			
Woodlands	Owned/Leased ⁽¹⁾	1,511,000	Manufacture of media
Shugart	Owned ⁽¹⁾	410,000	Product development
<i>Thailand</i>			
Korat	Owned/Leased	2,739,000	Manufacture of drives and drive subassemblies
Teparuk	Owned/Leased	422,000	Manufacture of drive subassemblies

⁽¹⁾Land leases for these facilities expire on various dates through 2068.

As of July 3, 2020, we owned or leased a total of approximately 9.8 million square feet of space worldwide. The 9.8 million square feet of owned or leased space includes a total of 142,000 square feet that is currently subleased. We believe that our existing properties are in good operating condition and are suitable for the operations for which they are used.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

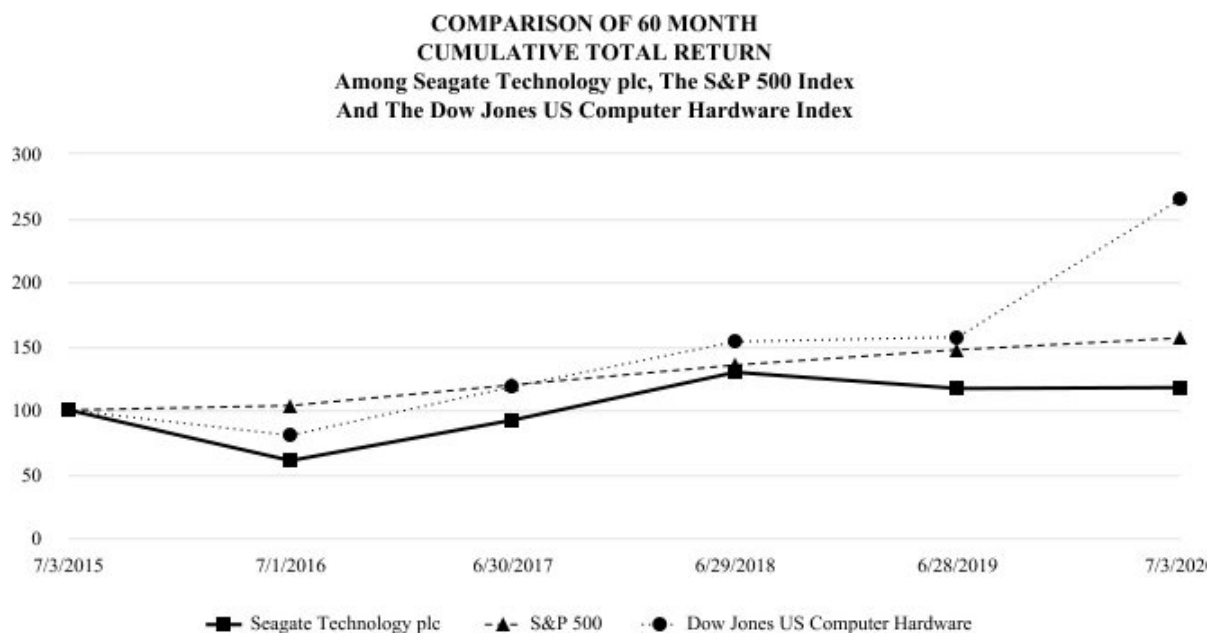
Market Information

Our ordinary shares trade on the NASDAQ Global Select Market under the symbol “STX.”

As of August 3, 2020, there were approximately 535 holders of record of our ordinary shares. We did not sell any of our equity securities during fiscal year 2020 that were not registered under the Securities Act of 1933, as amended.

Performance Graph

The performance graph below shows the cumulative total shareholder return on our ordinary shares for the period from July 3, 2015 to July 3, 2020. This is compared with the cumulative total return of the Dow Jones US Computer Hardware Index and the Standard & Poor's 500 Stock Index ("S&P 500") over the same period. The graph assumes that on July 3, 2015, \$100 was invested in our ordinary shares and \$100 was invested in each of the other two indices, with dividends reinvested on the date of payment without payment of any commissions. Dollar amounts in the graph are rounded to the nearest whole dollar. The performance shown in the graph represents past performance and should not be considered an indication of future performance.



	7/3/2015 ⁽¹⁾	7/1/2016	6/30/2017	6/29/2018	6/28/2019	7/3/2020
Seagate Technology plc	\$ 100.00	\$ 60.06	\$ 91.81	\$ 129.07	\$ 116.50	\$ 117.16
S&P 500	100.00	103.08	119.26	134.53	146.52	155.90
Dow Jones US Computer Hardware	100.00	79.81	118.26	152.87	156.67	264.36

⁽¹⁾ \$100 invested on 7/3/2015 in shares and in indices, including reinvestment of dividends.

Dividends

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

Repurchases of Our Equity Securities

On October 29, 2018, our Board of Directors authorized the repurchase of an additional \$2.3 billion of our outstanding ordinary shares and as a result, we had an aggregate authority to repurchase approximately \$3.0 billion of our ordinary shares. As of July 3, 2020, \$1.3 billion remained available for repurchase of ordinary shares under the existing repurchase authorization limits. All repurchases are effected as redemptions in accordance with our Constitution. There is no expiration date on our repurchase authorizations.

The following table sets forth information with respect to all repurchases of our shares made during the fiscal year ended July 3, 2020, including shares withheld for statutory tax withholdings related to vesting of employee equity awards:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
(In millions, except average price paid per share)				
1st Quarter through 3rd Quarter of Fiscal Year 2020	18	\$ 50.61	18	\$ 1,341
April 4, 2020 through May 1, 2020	—	49.30	—	1,304
May 2, 2020 through May 29, 2020	—	—	—	1,304
May 30, 2020 through July 3, 2020	—	—	—	1,304
Through 4th Quarter of Fiscal Year 2020	18		18	\$ 1,304

⁽¹⁾ Repurchase of shares including tax withholdings.

ITEM 6. SELECTED FINANCIAL DATA

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

The Consolidated Statements of Operations data for the fiscal years ended July 3, 2020, June 28, 2019 and June 29, 2018, and the Consolidated Balance Sheets data as of July 3, 2020 and June 28, 2019, are derived from our audited Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K. The Consolidated Statements of Operations data for the fiscal years ended June 30, 2017 and July 1, 2016, and the Consolidated Balance Sheets data at June 29, 2018, June 30, 2017 and July 1, 2016, are derived from our audited Consolidated Financial Statements that are not included in this Annual Report on Form 10-K. The fiscal year ended July 3, 2020 comprised 53 weeks and the fiscal years ended June 28, 2019, June 29, 2018, June 30, 2017, and July 1, 2016 comprised 52 weeks.

(Dollars in millions, except per share data)	Fiscal Years Ended				
	July 3, 2020	June 28, 2019	June 29, 2018	June 30, 2017	July 1, 2016
Revenue	\$ 10,509	\$ 10,390	\$ 11,184	\$ 10,771	\$ 11,160
Gross profit	2,842	2,932	3,364	3,174	2,615
Income from operations	1,300	1,487	1,634	1,054	445
Net income ⁽¹⁾	1,004	2,012	1,182	772	248
Total assets ⁽²⁾	8,930	8,885	9,410	9,268	8,213
Total debt ⁽²⁾	4,175	4,253	4,819	5,021	4,091
Equity	\$ 1,787	\$ 2,162	\$ 1,665	\$ 1,364	\$ 1,593
Net income per share:					
Basic	\$ 3.83	\$ 7.13	\$ 4.10	\$ 2.61	\$ 0.83
Diluted	3.79	7.06	4.05	2.58	0.82
Number of shares used in per share calculations:					
Basic	262	282	288	296	299
Diluted	265	285	292	299	302
Cash dividends declared per ordinary share	\$ 2.58	\$ 2.52	\$ 2.52	\$ 2.52	\$ 2.43

⁽¹⁾ The Company recorded an income tax benefit of \$640 million for fiscal year 2019. The Company's fiscal year 2019 income tax benefit included a net tax benefit of \$761 million primarily associated with the release of valuation allowance on deferred tax assets driven by improvements in its profitability outlook in the U.S., including its efforts to structurally and operationally align its EDS business with the rest of the Company.

⁽²⁾ The Company adopted Accounting Standard Update ("ASU") 2015-03, *Interest - Imputation of interest: Simplifying the presentation of debt issuance costs*, in fiscal year 2017 on a retrospective basis. The adoption of this guidance resulted in a reduction to Other assets, net and Long-term debt previously disclosed as of the fiscal year ended 2016 by \$39 million, within the Consolidated Balance Sheets.

Supplementary Financial Data (Unaudited)

Quarterly Data

The Company operated and reported financial results based on a 14-week quarter in its first quarter of fiscal year 2020 ending on the Friday closest to September 30, 2019 and 13-week quarters for the remaining quarters of fiscal year 2020 as well as all four quarters of fiscal year 2019, which ended on the Friday closest to September 30, December 31, March 31 and June 30.

(In millions, except per share data)	Fiscal Year 2020 Quarters Ended			
	July 3, 2020	April 3, 2020	January 3, 2020	October 4, 2019
Revenue	\$ 2,517	\$ 2,718	\$ 2,696	\$ 2,578
Gross profit	667	746	758	671
Income from operations	267	376	384	273
Net income	166	320	318	200
Net income per share:				
Basic	\$ 0.65	\$ 1.23	\$ 1.21	\$ 0.75
Diluted	0.64	1.22	1.20	0.74

(In millions, except per share data)	Fiscal Year 2019 Quarters Ended			
	June 28, 2019	March 29, 2019	December 28, 2018	September 28, 2018
Revenue	\$ 2,371	\$ 2,313	\$ 2,715	\$ 2,991
Gross profit	624	601	794	913
Income from operations	332	236	416	503
Net income ⁽¹⁾	983	195	384	450
Net income per share:				
Basic	\$ 3.57	\$ 0.69	\$ 1.35	\$ 1.57
Diluted	3.54	0.69	1.34	1.54

⁽¹⁾ The Company recorded an income tax benefit of \$692 million in the quarter ended June 28, 2019. The Company's quarter ended June 28, 2019 income tax benefit included a net tax benefit of \$761 million primarily associated with the release of valuation allowance on deferred tax assets driven by improvements in its profitability outlook in the U.S., including its efforts to structurally and operationally align its EDS business with the rest of the Company.

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

The following is a discussion of the Company's financial condition, changes in financial condition and results of operations for the fiscal years ended July 3, 2020, June 28, 2019 and June 29, 2018.

You should read this discussion in conjunction with "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data" included elsewhere in this Annual Report on Form 10-K. Except as noted, references to any fiscal year mean the twelve-month period ending on the Friday closest to June 30 of that year. Accordingly, fiscal year 2020 comprised 53 weeks and ended on July 3, 2020. Fiscal year 2019 comprised 52 weeks and ended on June 28, 2019. Fiscal year 2018 comprised 52 weeks and ended on June 29, 2018. Fiscal year 2026 will also be comprised of 53 weeks and will end on July 3, 2026.

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

- *Fiscal Year 2020 Summary.* Overview of financial and other highlights affecting us in fiscal year 2020.
- *Results of Operations.* Analysis of our financial results comparing fiscal years 2020 and 2019 to the prior-year periods.
- *Liquidity and Capital Resources.* Analysis of changes in our balance sheets and cash flows, and discussion of our financial condition including potential sources of liquidity.
- *Contractual Obligations and Off-Balance Sheet Arrangements.* Overview of contractual obligations and contingent liabilities and commitments outstanding as of July 3, 2020 and an explanation of off-balance sheet arrangements.
- *Critical Accounting Estimates.* Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- For an overview of our business, see "Part I - Item 1. Business—Overview."

Fiscal Year 2020 Summary

During fiscal year 2020, we shipped 442 exabytes of HDD storage capacity. We generated revenue of \$10.5 billion and gross margins of 27% and our operating cash flow was \$1.7 billion. We repurchased \$1,137 million of certain outstanding senior notes, exchanged \$456 million of certain senior notes to longer duration notes, borrowed \$500 million under our term loan facility ("Term Loan") and issued \$500 million of new senior notes. We repurchased approximately 17 million of our ordinary shares for \$850 million and paid \$673 million in dividends. Additionally, we changed our estimate of the useful lives of our manufacturing equipment from a range of three to five years to a range of three to seven years. The effect of this change in estimate increased the fiscal year 2020 net income by \$134 million.

Impact of COVID-19

The COVID-19 pandemic has resulted in a widespread health crisis and numerous disease control measures being taken to limit its spread, the effects of which began during our quarter ended April 3, 2020. We incurred certain supply chain and demand disruptions during the fiscal year 2020, as well as factory under-utilization and higher logistics and operational costs and softer demand across our markets due to the COVID-19 pandemic, which we expect to continue into our fiscal year 2021. Our customers also experienced certain supply chain and demand disruptions in our fourth fiscal quarter 2020, which we anticipate will continue into fiscal year 2021. We are continuing to actively monitor the effects and potential impacts of the COVID-19 pandemic on all aspects of our business, liquidity and capital resources. We are complying with governmental rules and guidelines across all of our sites and are actively working on opportunities to lower our cost structure and drive further operational efficiencies. Although we are unable to predict the impact of COVID-19 on our business, results of operations, liquidity or capital resources at this time, we expect we will be negatively affected if the pandemic and related public and private health measures result in substantial manufacturing or supply chain problems, substantial reductions in demand due to disruptions in the operations of our customers or partners, disruptions in local and global economies, volatility in the global financial markets, sustained reductions or volatility in overall demand trends, restrictions on the export or shipment of our products, or other ramifications from the COVID-19 pandemic. For a further discussion of the uncertainties and business risks associated with the COVID-19 pandemic, see the section entitled "Risk Factors" in Part I, Item 1A of this Annual Report.

Results of Operations

We list in the tables below summarized information from our Consolidated Statements of Operations by dollar amounts and as a percentage of revenue:

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenue	\$ 10,509	\$ 10,390	\$ 11,184
Cost of revenue	7,667	7,458	7,820
Gross profit	2,842	2,932	3,364
Product development	973	991	1,026
Marketing and administrative	473	453	562
Amortization of intangibles	14	23	53
Restructuring and other, net	82	(22)	89
Income from operations	1,300	1,487	1,634
Other expense, net	(268)	(115)	(216)
Income before income taxes	1,032	1,372	1,418
Provision (Benefit) for income taxes	28	(640)	236
Net income	<u>\$ 1,004</u>	<u>\$ 2,012</u>	<u>\$ 1,182</u>

	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenue	100 %	100 %	100 %
Cost of revenue	73	72	70
Gross margin	27	28	30
Product development	9	10	9
Marketing and administrative	5	4	5
Amortization of intangibles	—	—	—
Restructuring and other, net	1	—	1
Income from operations	12	14	15
Other expense, net	(2)	(1)	(2)
Income before income taxes	10	13	13
(Benefit) provision for income taxes	—	(6)	2
Net income	<u>10 %</u>	<u>19 %</u>	<u>11 %</u>

The following table summarizes information regarding consolidated revenues by channel, geography, and market and HDD exabytes shipped by market and price per terabyte:

	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenues by Channel (%)			
OEMs	71 %	70 %	70 %
Distributors	17 %	17 %	17 %
Retailers	12 %	13 %	13 %
Revenues by Geography (%) ⁽¹⁾			
Asia Pacific	48 %	49 %	49 %
Americas	34 %	32 %	33 %
EMEA	18 %	19 %	18 %
Revenues by Market (%)			
Mass capacity	53 %	43 %	42 %
Legacy	39 %	50 %	51 %
Other	8 %	7 %	7 %
HDD Exabytes Shipped by Market			
Mass capacity	317	202	193
Legacy	125	145	145
Total	442	347	338
HDD Price per Terabyte			
	\$ 22	\$ 28	\$ 31

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

Fiscal Year 2020 Compared to Fiscal Year 2019

Revenue

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	July 3, 2020	June 28, 2019		
Revenue	\$ 10,509	\$ 10,390	\$ 119	1 %

Revenue in fiscal year 2020 increased approximately 1%, or \$119 million, from fiscal year 2019, primarily due to an increase in mass capacity storage exabytes shipped, partially offset by price erosion and a decrease in legacy exabytes shipped.

Cost of Revenue and Gross Margin

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	July 3, 2020	June 28, 2019		
Cost of revenue	\$ 7,667	\$ 7,458	\$ 209	3 %
Gross profit	2,842	2,932	(90)	(3) %
Gross margin	27 %	28 %		

For fiscal year 2020, gross margin as a percentage of revenue decreased compared to the prior fiscal year due to price erosion and higher logistics costs and factory under-utilization due to COVID-19-related disruptions, partially offset by improved product mix and lower depreciation expense due to the change in useful lives of our manufacturing equipment in the quarter ended October 4, 2019.

Operating Expenses

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	July 3, 2020	June 28, 2019		
Product development	\$ 973	\$ 991	\$ (18)	(2)%
Marketing and administrative	473	453	20	4 %
Amortization of intangibles	14	23	(9)	(39)%
Restructuring and other, net	82	(22)	104	(473)%
Operating expenses	<u>\$ 1,542</u>	<u>\$ 1,445</u>	<u>\$ 97</u>	

Product Development Expense. Product development expenses for fiscal year 2020 decreased by \$18 million from fiscal year 2019 primarily due to a \$21 million decrease in depreciation expense and an \$18 million decrease in materials expense, partially offset by a \$13 million increase in outside services expense, an \$8 million increase in variable compensation expense and a \$7 million increase in compensation and other employee benefits.

Marketing and Administrative Expense. Marketing and administrative expenses for fiscal year 2020 increased by \$20 million from fiscal year 2019 primarily due to a \$13 million increase in other general expenses, an \$11 million increase in outside services expense, a \$6 million increase in share-based compensation expense and a \$5 million increase in variable compensation expense, partially offset by a \$5 million decrease in compensation and other employee benefits and a \$4 million decrease in depreciation expense.

Amortization of Intangibles. Amortization of intangibles for fiscal year 2020 decreased by \$9 million, as compared to fiscal year 2019, due to certain intangible assets that reached the end of their useful lives.

Restructuring and Other, net. Restructuring and other, net for fiscal year 2020 was \$82 million, primarily comprised of restructuring charges related to the restructuring plan the Company committed to on June 1, 2020 to reduce our workforce by approximately 500 employees and charges related to a voluntary early exit program and other restructuring plans.

Restructuring and other, net for fiscal year 2019 was comprised of a \$75 million net gain from the sale of a certain property partially offset by charges related to a voluntary early exit program.

Other Expense, net

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	July 3, 2020	June 28, 2019		
Other expense, net	\$ (268)	\$ (115)	\$ (153)	133 %

Other expense, net for fiscal year 2020 increased by \$153 million compared to fiscal year 2019 mainly due to \$80 million of non-recurring income, net in fiscal year 2019 related to our previous investment in Toshiba Memory Holdings Corporation (“TMHC”), now known as Kioxia, which was redeemed in fiscal year 2019, a \$62 million loss resulting from the repurchase of certain long-term debt, an \$18 million strategic investment impairment and an \$11 million net increase in losses due to unfavorable changes in foreign currency exchange rates, partially offset by a \$20 million decrease in interest expense related to the repurchase of certain long-term debt.

Income Taxes

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	July 3, 2020	June 28, 2019		
Provision (benefit) for income taxes	\$ 28	\$ (640)	\$ 668	(104)%

We recorded an income tax provision of \$28 million for fiscal year 2020 compared to an income tax benefit of \$640 million for fiscal year 2019. Our fiscal year 2020 income tax provision included net tax benefits of approximately \$12 million associated with share-based compensation expense and \$16 million associated with the release of valuation allowance on deferred tax assets driven by our profitability outlook in the U.S. Our fiscal year 2019 income tax benefit included a net tax benefit of \$761 million primarily associated with the release of valuation allowance on deferred tax assets driven by improvements in our profitability outlook in the U.S., including our efforts to structurally and operationally align our EDS business with the rest of the Company.

Our Irish tax resident parent holding company owns various U.S. and non-Irish subsidiaries that operate in multiple non-Irish income tax jurisdictions. Our worldwide operating income is either subject to varying rates of income tax or is exempt from income tax due to tax incentive programs we operate under in Malaysia, Singapore and Thailand. These tax incentives are scheduled to expire in whole or in part at various dates through 2025. Certain tax incentives may be extended if specific conditions are met.

Our income tax provision recorded for fiscal year 2020 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. and non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland; and (ii) tax benefits related to research credits. Our income tax benefit recorded for fiscal year 2019 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) a decrease in valuation allowance for certain deferred tax assets, primarily driven by improvements in our profitability outlook in the U.S.; and (ii) tax benefits related to non-U.S. and non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland.

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

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law in the U.S. We have concluded the tax provisions of the CARES Act did not have a material impact to our consolidated financial statements for fiscal year 2020.

During the fiscal year ended July 3, 2020, tax legislation was enacted, which becomes effective in our fiscal years 2020 and 2021. We have concluded these tax legislation changes have no material impact to our consolidated financial statements for fiscal year 2020.

Fiscal Year 2019 Compared to Fiscal Year 2018

Revenue

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	June 28, 2019	June 29, 2018		
Revenue	\$ 10,390	\$ 11,184	\$ (794)	(7) %

Revenue in fiscal year 2019 decreased approximately 7%, or \$0.8 billion, from fiscal year 2018, primarily due to less favorable market conditions during the first half of the fiscal year and price erosion, partially offset by an increase in mass capacity storage exabytes shipped.

Cost of Revenue and Gross Margin

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	June 28, 2019	June 29, 2018		
Cost of revenue	\$ 7,458	\$ 7,820	\$ (362)	(5) %
Gross profit	2,932	3,364	(432)	(13) %
Gross margin percentage	28 %	30 %		

For fiscal year 2019, gross margin as a percentage of revenue decreased compared to the prior fiscal year due to price erosion partially offset by improved product mix.

Operating Expenses

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	June 28, 2019	June 29, 2018		
Product development	\$ 991	\$ 1,026	\$ (35)	(3)%
Marketing and administrative	453	562	(109)	(19)%
Amortization of intangibles	23	53	(30)	(57)%
Restructuring and other, net	(22)	89	(111)	(125)%
Operating expenses	<u>\$ 1,445</u>	<u>\$ 1,730</u>	<u>\$ (285)</u>	

Product Development Expense. Product development expenses for fiscal year 2019 decreased by \$35 million from fiscal year 2018 primarily due to a \$38 million decrease in variable compensation expense, partially offset by a \$5 million increase in other employee benefits.

Marketing and Administrative Expense. Marketing and administrative expenses for fiscal year 2019 decreased by \$109 million from fiscal year 2018 primarily due to a \$27 million decrease in salaries and related benefits as a result of the restructuring of our workforce in prior periods, a \$44 million decrease in other general expenses due to related operational efficiencies, a \$24 million decrease in variable compensation expense and a \$14 million decrease in share-based compensation expense.

Amortization of Intangibles. Amortization of intangibles for fiscal year 2019 decreased by \$30 million compared to fiscal year 2018, due to certain intangible assets reaching the end of their useful lives.

Restructuring and Other, net. Restructuring and other, net for fiscal year 2019 was comprised of a \$75 million net gain from the sale of a certain property partially offset by charges related to a voluntary early exit program.

Restructuring and other, net for fiscal year 2018 was comprised primarily of restructuring charges to reduce our workforce by approximately 1,100 employees. Restructuring and other, net also included a gain of \$25 million from the sale of certain properties during fiscal year 2018.

Other Expense, net

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	June 28, 2019	June 29, 2018		
Other expense, net	\$ (115)	\$ (216)	\$ 101	(47)%

Other expense, net for fiscal year 2019 decreased by \$101 million compared to fiscal year 2018 mainly due to a \$56 million increase in interest income on our investment in TMHC, a \$37 million net increase in gains on settlement of derivatives and a \$13 million net decrease in interest expense due to the repayment of certain long-term debt.

Income Taxes

(Dollars in millions)	Fiscal Years Ended		Change	% Change
	June 28, 2019	June 29, 2018		
(Benefit) provision for income taxes	\$ (640)	\$ 236	\$ (876)	(371)%

We recorded an income tax benefit of \$640 million for fiscal year 2019 compared to an income tax provision of \$236 million for fiscal year 2018. Our fiscal year 2019 income tax benefit included a net tax benefit of \$761 million primarily associated with the release of valuation allowance on deferred tax assets driven by improvements in our profitability outlook in the U.S., including our efforts to structurally and operationally align our EDS business with the rest of the Company. Our fiscal year 2018 income tax provision included approximately \$204 million of tax expense associated with the revaluation of U.S. deferred tax assets as a result of the enactment of the Tax Cuts and Jobs Act of 2017 on December 22, 2017, offset by the reversal of previously recorded unrecognized tax benefits of \$7 million, and certain non-recurring items.

Our income tax benefit recorded for fiscal year 2019 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) a decrease in valuation allowance for certain deferred tax assets, primarily driven by improvements in our profitability outlook in the U.S.; and (ii) tax benefits related to non-U.S. and non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland. Our income tax provision recorded for fiscal year 2018 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. and non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland; and (ii) a reduction in the net U.S. deferred tax assets associated with revaluation to a lower U.S. tax rate.

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. The principal objectives of our investment policy are the preservation of principal and maintenance of liquidity. We believe our cash equivalents are liquid and accessible. During fiscal year 2020, we reduced and restructured our long-term debt portfolio through a combination of new issuances, repurchases and exchanges to lower annual repayment levels by extending the maturity dates of certain notes and lowering the average interest rates. We operate in some countries that have restrictive regulations over the movement of cash and/or foreign exchange across their borders. However, we believe our sources of cash have been and will continue to be sufficient to meet our cash needs for the next 12 months. Although there can be no assurance, we believe that our financial resources, along with controlling our costs, will allow us to manage the potential impacts of the COVID-19 pandemic on our business operations for the foreseeable future. However, the challenges posed by COVID-19 to our industry and to our business are evolving rapidly and are highly uncertain and cannot be predicted at this time. Consequently, we will continue to evaluate our financial position in light of future developments, particularly those relating to COVID-19.

We are not aware of any downgrades, losses or other significant deterioration in the fair value of our cash equivalents from the values reported as of July 3, 2020.

Cash and Cash Equivalents

(Dollars in millions)	As of		Change
	July 3, 2020	June 28, 2019	
Cash and cash equivalents	\$ 1,722	\$ 2,220	\$ (498)

Our cash and cash equivalents decreased by \$498 million from June 28, 2019 primarily as a result of repurchases of certain long-term debt of \$1,137 million, repurchases of our ordinary shares of \$850 million, dividends to our shareholders of \$673 million and payments for capital expenditures of \$585 million, partially offset by net cash of \$1,714 million provided by operating activities and net proceeds of \$994 million from issuance of long-term debt. The following table summarizes results from the Consolidated Statement of Cash Flows for the periods indicated:

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Net cash flow provided by (used in):			
Operating activities	\$ 1,714	\$ 1,761	\$ 2,113
Investing activities	(635)	846	(1,588)
Financing activities	(1,605)	(2,212)	(1,211)
Effect of foreign currency exchange rates	(1)	(1)	—
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (527)</u>	<u>\$ 394</u>	<u>\$ (686)</u>

Cash Provided by Operating Activities

Cash provided by operating activities for fiscal year 2020 was approximately \$1.7 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, share-based compensation and:

- an increase of \$394 million in accounts payable, primarily due to timing of payments and an increase in materials purchased; partially offset by
- an increase of \$166 million in inventories, primarily due to an increase in materials purchased for new product ramps and the potential for supply chain disruptions due to COVID-19; and
- an increase of \$127 million in accounts receivable, primarily due to the timing of shipments.

Cash provided by operating activities for fiscal year 2019 was approximately \$1.8 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, share-based compensation, a release of valuation allowance related to our U.S. deferred tax assets and:

- a decrease of \$204 million in accounts receivable, primarily due to lower revenue; and
- a decrease of \$80 million in inventories, primarily due to a decrease in units built; partially offset by
- a decrease of \$268 million in accounts payable, primarily due to a decrease in direct material purchases; and
- a decrease of \$84 million in accrued employee compensation, primarily due to a decrease in our variable compensation expense.

Cash provided by operating activities for fiscal year 2018 was approximately \$2.1 billion and includes the effects of net income adjusted for non-cash items including depreciation and amortization, deferred income taxes primarily due to the remeasurement of our U.S. deferred tax assets at the lower corporate tax rate, share-based compensation and:

- an increase of \$65 million in accounts payable, primarily due to timing of payments of capital expenditures; and
- a decrease of \$71 million in vendor receivables, primarily due to improved collections; partially offset by
- an increase of \$71 million in inventories, primarily due to an increase in units built.

Cash (Used in) Provided by Investing Activities

In fiscal year 2020, we used \$0.6 billion for net cash investing activities, which was primarily due to payments for the purchase of property, equipment and leasehold improvements of approximately \$585 million and payments for the purchase of investments of \$58 million.

In fiscal year 2019, we received \$0.8 billion for net cash investing activities, which was primarily due to proceeds of \$1.3 billion from the redemption of an investment in non-convertible preferred stock of TMHC and the proceeds of \$144 million primarily from the sale of certain properties, partially offset by the payments for the purchase of property, equipment and leasehold improvements of approximately \$602 million.

In fiscal year 2018, we used \$1.6 billion for net cash investing activities, which was primarily due to our investment in TMHC of \$1.3 billion and the payments for the purchase of property, equipment and leasehold improvements of approximately \$366 million, partially offset by the proceeds of \$69 million from the sale of properties.

Cash Used in Financing Activities

Net cash used in financing activities of \$1.6 billion for fiscal year 2020 was primarily attributable to the following activities:

- \$1,137 million net repurchases of long-term debt;
- \$850 million in payments for repurchases of our ordinary shares;
- \$673 million in dividend payments; partially offset by
- \$498 million in net proceeds from borrowings under the Term Loan;
- \$496 million from the issuance of Senior Notes; and
- \$103 million in proceeds from the issuance of ordinary shares under employee stock plans.

Net cash used in financing activities of \$2.2 billion for fiscal year 2019 was primarily attributable to the following activities:

- \$963 million in payments for repurchases of our ordinary shares;
- \$713 million in dividend payments; and
- \$574 million net repurchases of long-term debt.

Net cash used in financing activities of \$1.2 billion for fiscal year 2018 was primarily attributable to the following activities:

- \$726 million in dividend payments;
- \$361 million in payments for repurchases of ordinary shares; and
- \$214 million of repurchases of long-term debt; offset by
- \$113 million in proceeds from the issuance of ordinary shares under employee stock plans.

Liquidity Sources

Our primary sources of liquidity as of July 3, 2020, consist of: (1) approximately \$1.7 billion in cash and cash equivalents, (2) cash we expect to generate from operations and (3) subject to compliance with certain requirements under our control, up to \$1.5 billion available for borrowing under our senior unsecured revolving credit facility (“Revolving Credit Facility”), which is part of our credit agreement (the “Credit Agreement”).

As of July 3, 2020, no borrowings had been drawn and no borrowings had been utilized for letters of credit or swing line loans issued under the Revolving Credit Facility. The Revolving Credit Facility is available for borrowings, subject to compliance with financial covenants and other customary conditions to borrowing.

The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio and (3) a minimum liquidity amount. The term of the Revolving Credit Facility is through February 20, 2024, and the maturity date of the Term Loan is September 16, 2025.

As of July 3, 2020, cash and cash equivalents held by non-Irish subsidiaries was \$1.7 billion. This amount is potentially subject to taxation in Ireland upon repatriation by means of a dividend into our Irish parent. However, it is our intent to indefinitely reinvest earnings of non-Irish subsidiaries outside of Ireland and our current plans do not demonstrate a need to repatriate such earnings by means of a taxable Irish dividend. Should funds be needed in the Irish parent company and should we be unable to fund parent company activities through means other than a taxable Irish dividend, we would be required to accrue and pay Irish taxes on such dividend.

We believe that our sources of cash will be sufficient to fund our operations and meet our cash requirements for at least the next 12 months. For additional information on factors that could impact our ability to fund our operations and meet our cash requirements, including the COVID-19 pandemic, see the section entitled “Risk Factors” in Part I, Item 1A of this Annual Report.

Cash Requirements and Commitments

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

On July 22, 2020, our Board of Directors declared a quarterly cash dividend of \$0.65 per share, which will be payable on October 7, 2020 to shareholders of record as of the close of business on September 23, 2020.

As of July 3, 2020, we were in compliance with all of the covenants under our debt agreements. Based on our current outlook and the information we currently have available to us, we expect to be in compliance with the covenants in our debt agreements over the next 12 months.

The carrying value of our debt as of July 3, 2020 and June 28, 2019 was \$4.2 billion and \$4.3 billion, respectively. The table below presents the principal amounts of our outstanding debt:

(Dollars in millions)	As of		Change
	July 3, 2020	June 28, 2019	
4.250% Senior Notes due March 2022	\$ 229	\$ 750	\$ (521)
4.750% Senior Notes due June 2023	546	941	(395)
4.875% Senior Notes due March 2024	500	500	—
4.750% Senior Notes due January 2025	479	920	(441)
4.875% Senior Notes due June 2027	505	690	(185)
4.091% Senior Notes due June 2029	500	—	500
4.125% Senior Notes due January 2031	500	—	500
5.75% Senior Notes due December 2034	490	490	—
LIBOR based Term Loan due September 2025	500	—	500
	<u>\$ 4,249</u>	<u>\$ 4,291</u>	<u>\$ (42)</u>

From time to time, we may repurchase any of our outstanding ordinary shares through private, open market, or broker assisted purchases, tender offers, or other means. During fiscal year 2020, we repurchased approximately 18 million of our ordinary shares including shares withheld for statutory tax withholdings related to vesting of employee equity awards. See “Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities-Repurchases of Our Equity Securities.” As of July 3, 2020, \$1.3 billion remained available for repurchase under our existing repurchase authorization limit. All repurchases are effected as redemptions in accordance with our Constitution.

For fiscal year 2021, we expect capital expenditures to be at or below our long-term targeted range of 6% to 8% of revenue. We require substantial amounts of cash to fund any increased working capital requirements, future capital expenditures, scheduled payments of principal and interest on our indebtedness and payments of dividends. We will continue to evaluate and manage the retirement and replacement of existing debt and associated obligations, including evaluating the issuance of new debt securities, exchanging existing debt securities for other debt securities and retiring debt pursuant to privately negotiated transactions, open market purchases, tender offers or other means or otherwise. In addition, we may selectively pursue strategic alliances, acquisitions, joint ventures and investments, which may require additional capital.

Contractual Obligations and Commitments

Our contractual cash obligations and commitments as of July 3, 2020, are summarized in the table below:

(Dollars in millions)	Total	Fiscal Year(s)			
		2021	2022-2023	2024-2025	Thereafter
Contractual Cash Obligations:					
Long-term debt	\$ 4,249	\$ 19	\$ 825	\$ 1,029	\$ 2,376
Interest payments on debt	1,352	183	360	283	526
Purchase obligations ⁽¹⁾	1,251	1,088	68	95	—
Operating leases, including imputed interest ⁽²⁾	148	15	25	8	100
Capital expenditures	326	274	51	1	—
Subtotal	7,326	1,579	1,329	1,416	3,002
Commitments:					
Letters of credit or bank guarantees	104	94	1	—	9
Total	\$ 7,430	\$ 1,673	\$ 1,330	\$ 1,416	\$ 3,011

⁽¹⁾ Purchase obligations are defined as contractual obligations for the purchase of goods or services, which are enforceable and legally binding on us, and that specify all significant terms.

⁽²⁾ Includes total future minimum rent expense under non-cancelable leases for both occupied and vacated facilities (rent expense is shown net of sublease income). Refer to "Item 8. Financial Statements and Supplementary Data—Note 6. Leases" for details.

As of July 3, 2020, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling \$2 million, none of which is expected to be settled within one year. Outside of one year, we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

Off-Balance Sheet Arrangements

As of July 3, 2020, we did not have any material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Critical Accounting Policies and Estimates

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

Revenue - Sales Program Accruals. We record estimated variable consideration at the time of revenue recognition as a reduction to revenue. Variable consideration generally consists of sales incentive programs, such as price protection and volume incentives aimed at increasing customer demand. For OEM sales, rebates are typically established by estimating the most likely amount of consideration expected to be received based on an OEM customer's volume of purchases from us or other agreed upon rebate programs. For the distribution and retail channel, these sales incentive programs typically involve estimating the most likely amount of rebates related to a customer's level of sales, order size, advertising or point of sale activity as well as the expected value of price protection adjustments based on historical analysis and forecasted pricing environment. Total sales programs were 12% of gross revenue in fiscal year 2020 and 11% for each of the 2019 and 2018 fiscal years. Adjustments to revenues due to under or over accruals for sales programs related to revenues reported in prior quarterly periods were less than 1% of gross revenue in fiscal years 2020, 2019 and 2018.

Warranty. We estimate probable product warranty costs at the time revenue is recognized. We generally provide a warranty on our products for a period of 1 to 5 years. Our warranty provision considers estimated product failure rates and trends (including the timing of product returns during the warranty periods), and estimated repair or replacement costs related to product quality issues, if any. We also exercise judgment in estimating our ability to sell refurbished products based on historical experience. Our judgment is subject to a greater degree of subjectivity with respect to newly introduced products because of limited experience with those products upon which to base our warranty estimates.

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

Assessing Goodwill and Other Long-lived Assets for Impairment. We perform a qualitative assessment in the fourth quarter of each fiscal year, or more frequently if indicators of potential impairment exist, to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount. 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 quantitative goodwill impairment test. If it is determined in the qualitative assessment that the fair value of a reporting unit is more likely than not below its carrying amount, including goodwill, then we perform a quantitative impairment test. The quantitative goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any excess in the carrying value of a reporting unit over its fair value is recognized as an impairment loss, limited to the total amount of goodwill allocated to that reporting unit.

We evaluate other long-lived assets, including property, equipment and leasehold improvements and other intangible assets subject to amortization, for recoverability whenever events or changes in circumstances indicate that the carrying values of those assets may not be recoverable. We assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability assessment indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group and compare it to its carrying value. The excess of the carrying value over the fair value is allocated pro rata to derive the adjusted carrying value of each asset in the asset group. The adjusted carrying value of each asset in the asset group is not reduced below its fair value.

Recent Accounting Pronouncements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risks due to the volatility of interest rates, foreign currency exchange rates, credit rating changes and equity and bond markets. A portion of these risks may be hedged, but fluctuations could impact our results of operations, financial position and cash flows.

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our cash investment portfolio. As of July 3, 2020, we had no available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. We determined no available-for-sale debt securities were other-than-temporarily impaired as of July 3, 2020.

We have fixed rate and variable rate debt obligations. We enter into debt obligations for general corporate purposes including capital expenditures and working capital needs. Our Term Loan bears interest at a variable rate equal to London Interbank Offered Rate (“LIBOR”) plus a variable margin set on June 19, 2020.

In the quarter ended October 4, 2019, we entered into certain interest rate swap agreements with a notional amount of \$500 million to convert the variable interest rate on the Term Loan to fixed interest rates. The contracts were effective as of October 4, 2019 and will mature on September 16, 2025. The objective of the interest rate swap agreements is to eliminate the variability of interest payment cash flows associated with the variable interest rate on the Term Loan. The Company designated the interest rate swaps as cash flow hedges.

The table below presents principal amounts and related fixed or weighted-average interest rates by year of maturity for our investment portfolio and debt obligations as of July 3, 2020.

	Fiscal Years Ended								
(Dollars in millions, except percentages)	2021	2022	2023	2024	2025	Thereafter	Total	Fair Value at July 3, 2020	
Assets									
Cash equivalents:									
Floating rate	\$ 551	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 551	\$ 551	
Average interest rate	0.48 %						0.48 %		
Other debt securities									
Fixed rate	\$ 10	\$ —	\$ —	\$ —	\$ —	\$ 8	\$ 18	\$ 18	
Fixed interest rate	5.00 %						5.00 %		
Debt									
Fixed rate	\$ —	\$ 229	\$ 546	\$ 500	\$ 479	\$ 1,995	\$ 3,749	\$ 4,010	
Average interest rate	4.25 %		4.75 %	4.88 %	4.75 %	4.71 %	4.71 %		
Variable rate	\$ 19	\$ 25	\$ 25	\$ 25	\$ 25	\$ 381	\$ 500	\$ 490	
Average interest rate	3.04 %	3.04 %	3.04 %	3.04 %	3.04 %	3.04 %	3.04 %		

Foreign Currency Exchange Risk. From time to time, 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. At this time, we have not identified any material exposure associated with the United Kingdom's withdrawal from the European Union.

We hedge portions 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 change in fair value of these contracts is recognized in earnings in the same period as the gains and losses from the remeasurement of the assets and liabilities. All foreign currency forward exchange contracts mature within 12 months.

We recognized \$4 million in Other expense, net related to hedge ineffectiveness and discontinued cash flow hedges during fiscal year 2020. We did not have any material net gains or losses recognized in Cost of revenue, or Other expense, net for cash flow hedges due to hedge ineffectiveness or discontinued cash flow hedges during fiscal year 2019.

The table below provides information as of July 3, 2020 about our foreign currency forward exchange contracts. The table is provided in 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	\$ 199	\$ 31.67	\$ 4
Singapore Dollar	243	\$ 1.39	(2)
Chinese Renminbi	106	\$ 7.17	1
British Pound Sterling	84	\$ 0.81	—
Total	\$ 632		\$ 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 institution. Additionally, the investment portfolio is diversified and structured to minimize credit risk.

Changes in our corporate issuer credit ratings have minimal impact on our near term financial results, but downgrades may negatively impact our future ability to raise capital, our ability to execute transactions with various counterparties and may increase the cost of such capital.

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 Non-qualified Deferred Compensation Plan—the Seagate Deferred Compensation Plan (the “SDCP”). The SDCP is a successor plan to the prior Seagate Deferred Compensation Plans, as amended from time to time, under which no additional deferrals may be made after December 31, 2014. In fiscal year 2014, we entered into a Total Return Swap (“TRS”) in order to manage the equity market risks associated with the SDCP liabilities. We pay a floating rate, based on the LIBOR plus an interest rate spread, on the notional amount of the TRS. The TRS is designed to substantially offset changes in the SDCP liabilities due to changes in the value of the investment options made by employees. See “Item 8. Financial Statements and Supplementary Data—*Note 8. Derivative Financial Instruments*” of this Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

	Fiscal Years Ended	
	July 3, 2020	June 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,722	\$ 2,220
Accounts receivable, net	1,115	989
Inventories	1,142	970
Other current assets	135	184
Total current assets	4,114	4,363
Property, equipment and leasehold improvements, net	2,129	1,869
Goodwill	1,237	1,237
Other intangible assets, net	58	111
Deferred income taxes	1,120	1,114
Other assets, net	272	191
Total Assets	<u>\$ 8,930</u>	<u>\$ 8,885</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,808	\$ 1,420
Accrued employee compensation	224	169
Accrued warranty	69	91
Current portion of long-term debt	19	—
Accrued expenses	602	552
Total current liabilities	2,722	2,232
Long-term accrued warranty	82	104
Long-term accrued income taxes	2	4
Other non-current liabilities	181	130
Long-term debt, less current portion	4,156	4,253
Total Liabilities	7,143	6,723
Commitments and contingencies (See Notes 14 and 15)		
Shareholders' Equity:		
Preferred shares, \$0.00001 par value per share—100,000,000 authorized; no shares issued or outstanding	—	—
Ordinary shares, \$0.00001 par value per share—1,250,000,000 authorized; 256,718,840 issued and outstanding at July 3, 2020 and 269,097,971 issued and outstanding at June 28, 2019	—	—
Additional paid-in capital	6,757	6,545
Accumulated other comprehensive loss	(66)	(34)
Accumulated deficit	(4,904)	(4,349)
Total Shareholders' Equity	1,787	2,162
Total Liabilities and Shareholders' Equity	<u>\$ 8,930</u>	<u>\$ 8,885</u>

See Notes to Consolidated Financial Statements.

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

	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenue	\$ 10,509	\$ 10,390	\$ 11,184
Cost of revenue	7,667	7,458	7,820
Product development	973	991	1,026
Marketing and administrative	473	453	562
Amortization of intangibles	14	23	53
Restructuring and other, net	82	(22)	89
Total operating expenses	9,209	8,903	9,550
Income from operations	1,300	1,487	1,634
Interest income	20	84	38
Interest expense	(201)	(224)	(236)
Other, net	(87)	25	(18)
Other expense, net	(268)	(115)	(216)
Income before income taxes	1,032	1,372	1,418
Provision (benefit) for income taxes	28	(640)	236
Net income	\$ 1,004	\$ 2,012	\$ 1,182
Net income per share:			
Basic	\$ 3.83	\$ 7.13	\$ 4.10
Diluted	3.79	7.06	4.05
Number of shares used in per share calculations:			
Basic	262	282	288
Diluted	265	285	292
Cash dividends declared per ordinary share	\$ 2.58	\$ 2.52	\$ 2.52

See Notes to Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Net income	\$ 1,004	\$ 2,012	\$ 1,182
Other comprehensive income (loss), net of tax:			
Change in net unrealized loss on cash flow hedges:			
Net unrealized (losses) gains arising during the period	(27)	—	—
Losses (gains) reclassified into earnings	3	—	—
Net change	(24)	—	—
Change in unrealized components of post-retirement plans:			
Net unrealized (losses) gains arising during the period	(7)	(16)	1
Losses (gains) reclassified into earnings	1	—	—
Net change	(6)	(16)	1
Foreign currency translation adjustments	(2)	(2)	—
Total other comprehensive (loss) income, net of tax	(32)	(18)	1
Comprehensive income	\$ 972	\$ 1,994	\$ 1,183

See Notes to Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
OPERATING ACTIVITIES			
Net income	\$ 1,004	\$ 2,012	\$ 1,182
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	379	541	598
Share-based compensation	109	99	112
Loss on redemption and repurchase of debt	58	—	3
Deferred income taxes	(6)	(690)	193
Other non-cash operating activities, net	52	(97)	(14)
Changes in operating assets and liabilities:			
Accounts receivable, net	(127)	204	16
Inventories	(166)	80	(71)
Accounts payable	394	(268)	65
Accrued employee compensation	55	(84)	16
Accrued expenses, income taxes and warranty	(39)	(81)	(46)
Other assets and liabilities	1	45	59
Net cash provided by operating activities	1,714	1,761	2,113
INVESTING ACTIVITIES			
Acquisition of property, equipment and leasehold improvements	(585)	(602)	(366)
Proceeds from the sale of assets	1	144	71
Proceeds from settlement of foreign currency forward exchange contracts	—	29	—
Purchase of debt security	—	—	(1,279)
Proceeds from redemption of debt security	—	1,283	—
Purchases of investments	(58)	(18)	(6)
Proceeds from sale of strategic investments	7	10	—
Other investing activities, net	—	—	(8)
Net cash (used in) provided by investing activities	(635)	846	(1,588)
FINANCING ACTIVITIES			
Redemption and repurchase of debt	(1,137)	(819)	(214)
Dividends to shareholders	(673)	(713)	(726)
Repurchases of ordinary shares	(850)	(963)	(361)
Taxes paid related to net share settlement of equity awards	(40)	(31)	(23)
Net proceeds from issuance of long-term debt	994	245	—
Proceeds from issuance of ordinary shares under employee stock plans	103	69	113
Other financing activities, net	(2)	—	—
Net cash used in financing activities	(1,605)	(2,212)	(1,211)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(1)	(1)	—
(Decrease) increase in cash, cash equivalents and restricted cash	(527)	394	(686)
Cash, cash equivalents and restricted cash at the beginning of the year	2,251	1,857	2,543
Cash, cash equivalents and restricted cash at the end of the year	\$ 1,724	\$ 2,251	\$ 1,857
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	\$ 226	\$ 223	\$ 237
Cash (received) paid for income taxes, net of refunds	\$ (51)	\$ 39	\$ 43

See Notes to Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For Fiscal Years Ended July 3, 2020, June 28, 2019 and June 29, 2018
(In millions)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at, June 30, 2017	292	\$ —	\$ 6,152	\$ (17)	\$ (4,771)	\$ 1,364
Net income					1,182	1,182
Other comprehensive income				1		1
Issuance of ordinary shares under employee stock plans	6		113			113
Repurchases of ordinary shares	(10)				(361)	(361)
Tax withholding related to vesting of restricted share units	(1)				(23)	(23)
Dividends to shareholders					(723)	(723)
Share-based compensation			112			112
Balance at, June 29, 2018	287	—	6,377	(16)	(4,696)	1,665
Cumulative effect of adoption of new revenue standard					34	34
Net income					2,012	2,012
Other comprehensive loss				(18)		(18)
Issuance of ordinary shares under employee stock plans	4		69			69
Repurchases of ordinary shares	(21)				(966)	(966)
Tax withholding related to vesting of restricted share units	(1)				(31)	(31)
Dividends to shareholders					(702)	(702)
Share-based compensation			99			99
Balance at, June 28, 2019	269	—	6,545	(34)	(4,349)	2,162
Impact of adoption of new lease standard (Note 1)					(2)	(2)
Net income					1,004	1,004
Other comprehensive loss				(32)		(32)
Issuance of ordinary shares under employee stock plans	6		103			103
Repurchases of ordinary shares	(17)				(847)	(847)
Tax withholding related to vesting of restricted share units	(1)				(40)	(40)
Dividends to shareholders					(670)	(670)
Share-based compensation			109			109
Balance at, July 3, 2020	257	\$ —	\$ 6,757	\$ (66)	\$ (4,904)	\$ 1,787

See Notes to Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

Seagate Technology plc (“STX”) and its subsidiaries (collectively, unless the context otherwise indicates, the “Company”) is a leading provider of data storage technology and solutions. Its principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. In addition to HDDs, the Company produces a broad range of data storage products including solid state drives (“SSDs”), solid state hybrid drives (“SSHDS”) and storage subsystems.

Basis of Presentation and Consolidation

The Company’s consolidated financial statements include the accounts of the Company and all its wholly-owned and majority-owned subsidiaries, after elimination of intercompany transactions and balances.

The preparation of financial statements in accordance with the United States (“U.S.”) generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Company’s consolidated financial statements and accompanying notes. These estimates and assumptions include the impact of the COVID-19 pandemic. 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.

Fiscal Year

The Company operates and reports financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. Accordingly, fiscal year 2020 was comprised of 53 weeks and ended on July 3, 2020. Fiscal years 2019 and 2018 were comprised of 52 weeks and ended on June 28, 2019 and June 29, 2018, respectively. All references to years in these Notes to Consolidated Financial Statements represent fiscal years unless otherwise noted. Fiscal year 2026 will also be comprised of 53 weeks and will end on July 3, 2026.

Summary of Significant Accounting Policies

Cash and Cash Equivalents. The Company considers all highly liquid investments with a remaining maturity of 90 days or less at the time of purchase to be cash equivalents. The Company’s highly liquid investments are primarily comprised of money market funds, time deposits and certificates of deposits. The Company has classified its marketable securities as available-for-sale and they are stated at fair value with unrealized gains and losses included in Accumulated other comprehensive loss, which is a component of Shareholders’ Equity. The Company evaluates the available-for-sale securities in an unrealized loss position for other-than-temporary impairment. Realized gains and losses are included in Other, net on the Company’s Consolidated Statements of Operations. The cost of securities sold is based on the specific identification method. Other cash equivalents are carried at cost, which approximates fair value.

Restricted Cash and Cash Equivalents. Restricted cash and cash equivalents represent cash and cash equivalents that are restricted as to withdrawal or use for other than current operations.

Allowances for Doubtful Accounts. The Company maintains allowances for uncollectible accounts receivable based upon expected collectability. This reserve is established based upon historical trends, global macroeconomic conditions and an analysis of specific exposures. The provision for doubtful accounts is recorded as a charge to Marketing and administrative expense on the Company’s Consolidated Statements of Operations.

Inventories. Inventories are valued at the lower of cost (using the first-in, first-out method) and net realizable value. Net realizable value is based upon the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Adjustments to reduce cost of inventories to its net realizable value are made, if required, for estimated excess or obsolescence determined primarily by future demand forecasts.

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

Goodwill. The Company performs a qualitative assessment in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill. If it is determined in the qualitative assessment that the fair value of a reporting unit is more likely than not below its carrying amount, including goodwill, then the Company will perform a quantitative impairment test. The quantitative goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any excess in the carrying value of a reporting unit over its fair value is recognized as an impairment loss, limited to the total amount of goodwill allocated to that reporting unit.

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

In accordance with its policy, the Company reviews the estimated useful lives of its fixed assets on an ongoing basis. This review indicated that the actual lives of certain manufacturing equipment at its manufacturing facilities were longer than the estimated useful lives used for depreciation purposes in the Company's consolidated financial statements. As a result, effective June 29, 2019, the Company changed its estimate of the useful lives of its manufacturing equipment from a range of three to five years to a range of three to seven years. The effect of this change in estimate increased the net income by \$134 million for the fiscal year ended July 3, 2020 and increased the diluted earnings per share by \$0.51 for the fiscal year ended July 3, 2020.

The Company tests other intangible assets not subject to amortization whenever events occur or circumstances change, such as declining financial performance, deterioration in the environment in which the entity operates or deteriorating macroeconomic conditions that have a negative effect on future expected earnings and cash flows that could affect significant inputs used to determine the fair value of the indefinite-lived intangible asset.

Assets Held for Sale. The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

Leases. Effective June 29, 2019, the Company adopted a new accounting policy for leases in accordance with Accounting Standard Codification ("ASC") 842, Leases, using the modified retrospective approach. Accordingly, the Company applied the new lease accounting standard prospectively to leases existing or commencing on or after June 29, 2019. The Company elected to apply the practical expedients which allow for not reassessing whether existing contracts contain leases, the classification of existing leases and whether the existing initial direct costs meet the new definition. In addition, the Company elected to combine lease and non-lease components for facility leases and to not recognize right-of-use ("ROU") assets and lease liabilities for leases with an initial term of 12 months or less on the balance sheet.

The Company determines if an arrangement is a lease or contains a lease at inception. ROU assets are included in Other assets, net and lease liabilities are included in Accrued expenses and Other non-current liabilities on the Company's Consolidated Balance Sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and the corresponding lease liabilities represent its obligation to make lease payments arising from the lease.

Lease liabilities are measured at the present value of the remaining lease payments and ROU assets are based on the lease liability, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs. As the Company's leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using the Company's estimated incremental borrowing rate based on the information available at the lease commencement date. Additionally, the Company's lease term may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that the Company will exercise the option. The Company's lease agreements do not contain any material residual value guarantees.

The Company recognizes lease expense on a straight-line basis over the lease term. Variable lease payments not dependent on an index or a rate primarily consist of common area maintenance charges, are expensed as incurred, and are not included in the ROU asset and lease liability calculation. The total operating and variable lease costs were included in operating expenses in the Company's Consolidated Statements of Operations.

Payment-in-Kind ("PIK") Income. The Company had a debt investment in non-convertible preferred stock of Toshiba Memory Holdings Corporation ("TMHC"), now known as Kioxia, that was fully redeemed by TMHC in June 2019. Transaction costs incurred by the Company to acquire this investment were capitalized and amortized as a reduction of interest income on the Consolidated Statements of Operations over the respective term of the investment. The investment contained a PIK income provision, which represented contractual interest that was due upon redemption, and was accrued and recorded as Interest income each reporting period and added to the carrying value of the Investment in debt security.

Derivative Financial Instruments. The Company records all derivatives on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company continues to exclude the change in forward points from the assessment of hedge effectiveness and recognizes the excluded component in Other, net in the Consolidated Statements of Operations. Foreign currency forward exchange contracts not designated as hedge instruments are used to economically hedge the foreign currency exposure on forecasted expenditures in currencies other than U.S. dollar. The Company recognizes the unrealized gains and losses due to the changes in the fair value of these contracts, as well as the related costs in Other, net in the Consolidated Statements of Operations.

Warranty. The Company estimates probable product warranty costs at the time revenue is recognized. The Company generally provides warranty on its products for a period of 1 to 5 years. The Company's warranty provision considers estimated product failure rates and trends (including the timing of product returns during the warranty periods), and estimated repair or replacement costs related to product quality issues, if any. The Company also exercises judgment in estimating its ability to sell refurbished products. The Company's judgment is subject to a greater degree of subjectivity with respect to newly introduced products because of limited experience with those products upon which to base our warranty estimates.

Revenue Recognition and Sales Incentive Programs. Effective June 30, 2018, the Company adopted a new revenue recognition policy in accordance with ASC 606, Revenue from Contracts with Customers, using the modified retrospective transition approach. Prior to fiscal year 2019, the revenue recognition policy was in accordance with ASC 605, Revenue Recognition. The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, the Company satisfies a performance obligation.

Revenue from sales of products is generally recognized upon transfer of control to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products, net of sales taxes. This typically occurs upon shipment from the Company. When applicable, the Company includes shipping charges billed to customers in Revenue and includes the related shipping costs in Cost of revenue on the Company's Consolidated Statements of Operations.

The Company records estimated variable consideration at the time of revenue recognition as a reduction to revenue. Variable consideration generally consists of sales incentive programs, such as price protection and volume incentives aimed at increasing customer demand. For OEM sales, rebates are typically established by estimating the most likely amount of consideration expected to be received based on an OEM customer's volume of purchases from the Company or other agreed upon rebate programs. For the distribution and retail channel, these programs typically involve estimating the most likely amount of rebates related to a customer's level of sales, order size, advertising or point of sale activity as well as the expected value of price protection adjustments based on historical analysis and forecasted pricing environment. Marketing development program costs are accrued and recorded as a reduction to revenue at the same time that the related revenue is recognized.

The Company expenses sales commissions as incurred because the amortization period would have been one year or less. These costs are recorded as Marketing and administrative on the Company's Consolidated Statements of Operations.

Restructuring Costs. The timing of recognition for severance costs depends on whether employees are required to render service until they are terminated in order to receive the termination benefits. If employees are required to render service until they are terminated in order to receive the termination benefits, a liability is recognized ratably over the future service period. Otherwise, a liability is recognized when management has committed to a restructuring plan and has communicated those actions to employees. Employee termination benefit costs covered by existing benefit arrangements are recognized when management has committed to a restructuring plan and the severance costs are probable and estimable.

Advertising Expense. The cost of advertising is expensed as incurred. Advertising costs were approximately \$19 million, \$22 million and \$28 million in fiscal years 2020, 2019 and 2018, respectively.

Share-Based Compensation. The Company has elected to apply the with-and-without method to assess the realization of related excess tax benefits. The Company also elected to continue to account for share-based compensation expense net of estimated forfeitures. Refer to *Note 11. Compensation* for details.

Accounting for Income Taxes. The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, recognition of income and deductions and calculation of specific tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for income tax and financial statement purposes, as well as tax liabilities associated with uncertain tax positions. The calculation of tax liabilities involves uncertainties in the application of complex tax rules and the potential for future adjustment of the Company's uncertain tax positions by various taxing authorities. If estimates of these tax liabilities are greater or less than actual results, an additional tax provision or benefit will result. The deferred tax assets the Company records each period depend primarily on the Company's ability to generate future taxable income in the United States and certain non-U.S. jurisdictions. Each period, the Company evaluates the need for a valuation allowance for its deferred tax assets and, if necessary, adjusts the valuation allowance so that net deferred tax assets are recorded only to the extent the Company concludes it is more likely than not that these deferred tax assets will be realized. If the Company's outlook for future taxable income changes significantly, the Company's assessment of the need for, and the amount of, a valuation allowance may also change.

Financial Instruments Remeasurement. The Company's equity investments in privately-held companies without readily determinable fair values are measured using the measurement alternative method as cost, less impairments, and adjusted up or down based on observable price changes in orderly transactions for identical or similar investments of the same issuer. Any adjustments resulting from impairments and/or observable price changes are recorded as Other, net in the Company's Consolidated Statements of Operations.

Comprehensive Income. The Company presents comprehensive income in a separate statement. Comprehensive income is comprised of net income and other gains and losses affecting equity that are excluded from net income.

Foreign Currency Remeasurement and Translation. The U.S. dollar is the functional currency for the majority of the Company's foreign operations. Monetary assets and liabilities denominated in foreign currencies are remeasured into the functional currency of the subsidiary at the balance sheet date. The gains and losses from the remeasurement of foreign currency denominated balances into the functional currency of the subsidiary are included in Other, net on the Company's Consolidated Statements of Operations. The Company's subsidiaries that use the U.S. dollar as their functional currency remeasure monetary assets and liabilities at exchange rates in effect at the end of each period, and nonmonetary assets and liabilities at historical rates.

The Company translates the assets and liabilities of its non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each period. Revenue and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from these translations are recognized in foreign currency translation included in Accumulated other comprehensive loss, which is a component of Shareholders' Equity.

Concentrations

Concentration of Credit Risk. The Company's customer base is concentrated with a small number of customers. The Company does not generally require collateral or other security to support accounts receivable. To reduce credit risk, the Company performs ongoing credit evaluations on its customers' financial condition. The Company establishes allowances for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. Arrow Electronics Inc. and Dell Inc. each accounted for more than 10% of the Company's accounts receivable as of July 3, 2020 and Dell Inc. accounted for more than 10% of the Company's accounts receivable as of June 28, 2019.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, investments and foreign currency forward exchange contracts. The Company mitigates concentrations of credit risk in its financial instruments through diversification, by investing in highly-rated securities and/or major multinational companies.

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

Supplier Concentration. Certain of the raw materials, components and equipment used by the Company in the manufacture of its products are available from single-sourced direct and indirect vendors. Shortages could occur in these essential materials and components due to an interruption of supply or increased demand in the industry. If the Company were unable to procure certain materials, components or equipment at all or acceptable prices, it would be required to reduce its manufacturing operations, which could have a material adverse effect on its results of operations. In addition, the Company may make prepayments to certain suppliers or enter into minimum volume commitment agreements. Should these suppliers be unable to deliver on their obligations or experience financial difficulty, the Company may not be able to recover these prepayments.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13 (ASC Topic 326), *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*. This ASU amends the requirement on the measurement and recognition of expected credit losses for financial assets held to include future conditions in its estimate of expected credit losses. The Company is required to adopt this guidance in the first quarter of fiscal year 2021. The Company will adopt this ASU on July 4, 2020 and does not expect the adoption of the standard to have a material effect on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15 (ASC Subtopic 350-40), *Intangibles—Goodwill and Other - Internal-Use Software—Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This ASU aligns the accounting for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software. The Company is required to adopt this guidance in the first quarter of fiscal year 2021. The Company will adopt this ASU on July 4, 2020 and does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 (ASC Topic 740), *Simplifying the Accounting for Income Taxes*. This ASU simplifies accounting for income taxes by removing certain exceptions to the general principles and amending existing guidance to improve consistent application. The Company is required to adopt this guidance in the first quarter of fiscal year 2022. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 (ASC Topic 848), *Reference Rate Reform*. This ASU provides optional expedients and exceptions for applying U.S. generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. Adoption of the expedients and exceptions is permitted upon issuance of this update through December 31, 2022. The Company is in the process of assessing the impact of this ASU on its consolidated financial statements.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 (ASC Topic 842), *Leases*, and subsequently issued certain interpretive clarifications on this new guidance which amend a number of aspects of lease accounting, including requiring a lessee to recognize an ROU asset and corresponding lease liability for operating leases and enhanced disclosures. As of June 29, 2019, adoption of the standard resulted in the recognition of ROU assets and corresponding current and non-current lease liabilities of \$115 million, \$17 million and \$57 million, respectively, on the Company’s Consolidated Balance Sheet, primarily relating to real estate operating leases. The adoption of this ASU did not have a material impact on the Company’s other consolidated financial statements. For information regarding the impact of ASC 842 adoption, see *Summary of Significant Accounting Policies—Leases* above and *Note 6. Leases*.

In February 2018, the FASB issued ASU 2018-02 (ASC Topic 220), *Income Statement—Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU was issued following the enactment of the U.S. Tax Cuts and Jobs Act 2017 (“Tax Act”) and permits entities to elect a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. This ASU became effective and the Company adopted the guidance in the quarter ended October 4, 2019. The Company has elected not to reclassify the stranded amounts. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements and disclosures.

2. Balance Sheet Information

Available-for-sale Debt Securities

The following table summarizes, by major type, the fair value and amortized cost of the Company's investments as of July 3, 2020:

(Dollars in millions)	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Available-for-sale debt securities:			
Money market funds	\$ 495	\$ —	\$ 495
Time deposits and certificates of deposit	56	—	56
Other debt securities	18	—	18
Total	<u>\$ 569</u>	<u>\$ —</u>	<u>\$ 569</u>
Included in Cash and cash equivalents			\$ 549
Included in Other current assets			2
Included in Other assets, net			18
Total			<u>\$ 569</u>

As of July 3, 2020, the Company's Other current assets included \$2 million in restricted cash equivalents held as collateral at banks for various performance obligations.

As of July 3, 2020, the Company had no material available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no available-for-sale debt securities were other-than-temporarily impaired as of July 3, 2020.

The fair value and amortized cost of the Company's investments classified as available-for-sale debt securities at July 3, 2020 by remaining contractual maturity were as follows:

(Dollars in millions)	Amortized Cost	Fair Value
Due in less than 1 year	\$ 551	\$ 551
Due in 1 to 5 years	10	10
Due in 6 to 10 years	—	—
Thereafter	8	8
Total	<u>\$ 569</u>	<u>\$ 569</u>

The following table summarizes, by major type, the fair value and amortized cost of the Company's investments as of June 28, 2019:

(Dollars in millions)	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Available-for-sale securities:			
Money market funds	\$ 417	\$ —	\$ 417
Time deposits and certificates of deposits	133	—	133
Other debt securities	7	—	7
Total	<u>\$ 557</u>	<u>\$ —</u>	<u>\$ 557</u>
Included in Cash and cash equivalents			\$ 548
Included in Other current assets			2
Included in Other assets, net			7
Total			<u>\$ 557</u>

As of June 28, 2019, the Company's Other current assets included \$2 million in restricted cash and investments held as collateral at banks for various performance obligations.

As of June 28, 2019, the Company had no material available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no available-for-sale debt securities were other-than-temporarily impaired as of June 28, 2019.

Cash, Cash Equivalents and Restricted Cash

The following table provides a summary of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets that reconciles to the corresponding amount in the Consolidated Statements of Cash Flows:

(Dollars in millions)	July 3, 2020	June 28, 2019	June 29, 2018	June 30, 2017
Cash and cash equivalents	\$ 1,722	\$ 2,220	\$ 1,853	\$ 2,539
Restricted cash included in Other current assets	2	31	4	4
Total cash, cash equivalents and restricted cash shown in the Statements of Cash Flows	<u>\$ 1,724</u>	<u>\$ 2,251</u>	<u>\$ 1,857</u>	<u>\$ 2,543</u>

As of June 28, 2019, the Company's Other current assets included \$31 million in restricted cash and cash equivalents in an escrow account for the sale of certain properties and cash equivalents held as collateral at banks for various performance obligations

Accounts Receivable, net

The following table provides details of the accounts receivable, net balance sheet item:

(Dollars in millions)	July 3, 2020	June 28, 2019
Accounts receivable	\$ 1,120	\$ 993
Allowances for doubtful accounts	(5)	(4)
Account receivable, net	<u>\$ 1,115</u>	<u>\$ 989</u>

Activity in the allowances for doubtful accounts is as follows:

(Dollars in millions)	Balance at Beginning of Period	Charges (Credit) to Operations	Deductions ⁽¹⁾	Balance at End of Period
Fiscal year ended June 29, 2018	\$ 5	—	(1)	\$ 4
Fiscal year ended June 28, 2019	\$ 4	—	—	\$ 4
Fiscal year ended July 3, 2020	\$ 4	1	—	\$ 5

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

In connection with an existing factoring agreement, the Company sells trade receivables to a third party for cash proceeds less a discount. During fiscal year 2020, the Company sold trade receivables without recourse for cash proceeds of \$89 million, of which \$10 million remained subject to servicing by the Company as of July 3, 2020. The discounts on trade receivables sold were not material for fiscal year 2020.

Inventories

The following table provides details of the inventory balance sheet item:

(Dollars in millions)	July 3, 2020	June 28, 2019
Raw materials and components	\$ 451	\$ 336
Work-in-process	313	217
Finished goods	378	417
Total inventories	<u>\$ 1,142</u>	<u>\$ 970</u>

Property, Equipment and Leasehold Improvements, net

The components of property, equipment and leasehold improvements, net were as follows:

(Dollars in millions)	Useful Life in Years ⁽¹⁾	July 3, 2020	June 28, 2019
Land and land improvements		\$ 48	\$ 48
Equipment	3 – 7	8,033	7,726
Buildings and leasehold improvements	Up to 30	1,848	1,795
Construction in progress		283	266
		10,212	9,835
Less: accumulated depreciation and amortization		(8,083)	(7,966)
Property, equipment and leasehold improvements, net		\$ 2,129	\$ 1,869

⁽¹⁾ Effective June 29, 2019, the Company changed its estimate of the useful lives of its manufacturing equipment from a range of three to five years to a range of three to seven years. Please refer to Note 1. Basis of Presentation and Summary of Significant Accounting Policies for more details.

Depreciation expense, which includes amortization of leasehold improvements, was \$325 million, \$464 million and \$487 million for fiscal years 2020, 2019 and 2018, respectively. Interest on borrowings related to eligible capital expenditures is capitalized as part of the cost of the qualified assets and amortized over the estimated useful lives of the assets. During fiscal years 2020, 2019 and 2018, the Company capitalized interest of \$6 million, \$3 million and \$1 million, respectively.

In fiscal year 2020 the Company recognized a charge of \$3 million for the accelerated depreciation of certain fixed assets, which was recorded to Cost of revenue in the Consolidated Statement of Operations. In fiscal year 2019, the Company did not have any material write-offs or accelerated depreciation of fixed assets. In fiscal year 2018, the Company recognized a charge of \$7 million from the write-off and accelerated depreciation of certain fixed assets, of which \$1 million, \$4 million and \$2 million was recorded to Cost of revenue, Product development and Marketing and administrative, respectively, in the Consolidated Statement of Operations.

Accrued Expenses

The following table provides details of the accrued expenses balance sheet item:

(Dollars in millions)	July 3, 2020	June 28, 2019
Dividends payable	\$ 167	\$ 170
Other accrued expenses	435	382
Total	\$ 602	\$ 552

Accumulated Other Comprehensive Loss (“AOCL”)

The components of AOCL, net of tax, were as follows:

(Dollars in millions)	Unrealized Gains/(Losses) on Cash Flow Hedges	Unrealized Gains/(Losses) on Post-Retirement Plans	Foreign Currency Translation Adjustments	Total
Balance at June 29, 2018	\$ —	\$ (4)	\$ (12)	\$ (16)
Other comprehensive loss before reclassifications	—	(16)	(2)	(18)
Amounts reclassified from AOCL	—	—	—	—
Other comprehensive loss	—	(16)	(2)	(18)
Balance at June 28, 2019	—	(20)	(14)	(34)
Other comprehensive loss before reclassifications	(27)	(7)	(2)	(36)
Amounts reclassified from AOCL	3	1	—	4
Other comprehensive loss	(24)	(6)	(2)	(32)
Balance at July 3, 2020	<u>\$ (24)</u>	<u>\$ (26)</u>	<u>\$ (16)</u>	<u>\$ (66)</u>

3. Goodwill and Other Intangible Assets

Goodwill

The carrying amount of goodwill was \$1,237 million as of July 3, 2020 and June 28, 2019. There were no additions to, disposals of, impairments of or translation adjustments to goodwill in fiscal years 2020, 2019 and 2018.

Other Intangible Assets

Other intangible assets consist primarily of existing technology, customer relationships and trade names acquired in business combinations. Intangibles are amortized on a straight-line basis over the respective estimated useful lives of the assets. Amortization is charged to Operating expenses in the Consolidated Statements of Operations.

In fiscal years 2020, 2019 and 2018, amortization expense for other intangible assets was \$53 million, \$77 million and \$111 million, respectively.

The carrying value of other intangible assets subject to amortization, excluding fully amortized intangible assets, as of July 3, 2020, 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	\$ 199	\$ (179)	\$ 20	1.5 years
Customer relationships	71	(48)	23	2.2 years
Trade name	2	(2)	—	0.2 years
Other intangible assets	19	(4)	15	2.9 years
Total amortizable other intangible assets	<u>\$ 291</u>	<u>\$ (233)</u>	<u>\$ 58</u>	<u>2.1 years</u>

The carrying value of other intangible assets subject to amortization, excluding fully amortized intangible assets, as of June 28, 2019 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	\$ 201	\$ (143)	\$ 58	1.9 years
Customer relationships	71	(38)	33	3.3 years
Trade name	3	(2)	1	1.2 years
Other intangible assets	41	(22)	19	2.9 years
Total amortizable other intangible assets	<u>\$ 316</u>	<u>\$ (205)</u>	<u>\$ 111</u>	2.5 years

As of July 3, 2020, expected amortization expense for other intangible assets for each of the next five years and thereafter is as follows:

(Dollars in millions)	Amount
2021	\$ 28
2022	20
2023	10
2024	—
2025	—
Thereafter	—
Total	<u>\$ 58</u>

4. Debt

Credit Agreement

The Company's subsidiary, Seagate HDD Cayman, entered into a credit agreement (the "Credit Agreement") on February 20, 2019, which was most recently amended on September 16, 2019. The Credit Agreement provides an up to \$1.5 billion senior unsecured revolving credit facility ("Revolving Credit Facility") and a term loan facility in an aggregate principal amount of \$500 million ("Term Loan"). The Revolving Credit Facility has a final maturity of February 20, 2024 and the Term Loan has a final maturity date of September 16, 2025. The loans made under the Revolving Credit Facility and Term Loan will bear interest at a rate of the London Interbank Offered Rate ("LIBOR") plus a variable margin for each facility that will be determined based on the corporate credit rating of the Company. STX and certain of its material subsidiaries fully and unconditionally guarantee both the Revolving Credit Facility and Term Loan. The Revolving Credit Facility also allows such facility to increase by an additional \$100 million, provided that (i) there has been, and will be after giving effect to such increase, no default, (ii) the increase is at least \$25 million and (iii) the existing commitments under the facility receive 0.50% most favored nation protection. An aggregate amount of up to \$75 million of the Revolving Credit Facility is available for the issuance of letters of credit, and an aggregate amount of up to \$50 million of such facility is also available for swing line loans.

On September 17, 2019, Seagate HDD Cayman borrowed the \$500 million principal amount under the Term Loan and the proceeds were used to repurchase a portion of its outstanding senior notes. The Term Loan is repayable in quarterly installments of 1.25% of the original principal amount beginning on December 31, 2020, with the remaining balance payable upon maturity.

The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio and (3) a minimum liquidity amount. The Company was in compliance with the covenants as of July 3, 2020 and expects to be in compliance for the next 12 months.

As of July 3, 2020, no borrowings were drawn and no letters of credit or swing line loans have been utilized under the Revolving Credit Facility.

Long-Term Debt

\$800 million Aggregate Principal Amount of 3.75% Senior Notes due November 2018 (the “2018 Notes”). On November 5, 2013, Seagate HDD Cayman, issued \$800 million in aggregate principal amount of 3.75% Senior Notes. The obligations under the 2018 Notes were fully and unconditionally guaranteed on a senior unsecured basis by STX. The interest on the Notes was payable semi-annually on May 15 and November 15 of each year. During fiscal year 2018, \$211 million aggregate principal amount of the 2018 Notes were repurchased for cash at a premium to their principal amount, plus accrued and unpaid interest. During fiscal year 2018, the Company recorded a loss on the repurchase of \$4 million which is included in Other, net in the Company’s Consolidated Statements of Operations. On November 15, 2018, the 2018 Notes matured and the entire outstanding principal amount of \$499 million was repaid, plus accrued and unpaid interest.

\$750 million Aggregate Principal Amount of 4.25% Senior Notes due March 2022 (the “2022 Notes”). On February 3, 2017, Seagate HDD Cayman issued, in a private placement, \$750 million in aggregate principal amount of 4.25% Senior Notes which will mature on March 1, 2022. The obligations under the 2022 Notes are fully and unconditionally guaranteed on a senior unsecured basis by STX. The interest on the 2022 Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017. At any time before February 1, 2022, Seagate HDD Cayman may redeem some or all of the 2022 Notes at a “make whole” redemption price, plus accrued and unpaid interest, if any. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2022 Notes redeemed, plus (2) the excess, if any, of (a) the sum of the present values of the remaining scheduled payments of principal and interest on the 2022 Notes being redeemed, discounted to the redemption date on a semi-annual basis at a rate equal to the sum of the Treasury Rate (as defined in the relevant Indenture) plus 40 basis points, minus accrued and unpaid interest, if any, on the 2022 Notes being redeemed to, but excluding, the redemption date over (b) the principal amount of the 2022 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2022 Notes being redeemed to, but excluding, the redemption date. During fiscal year 2020, \$521 million aggregate principal amount of the 2022 Notes were repurchased for cash at a premium to their principal amount, plus accrued and unpaid interest, \$250 million and \$248 million principal amount of which were repurchased pursuant to cash tender offers for certain senior notes on September 18, 2019 and June 18, 2020 (the “Tender Offers”), respectively. The Company recorded a loss of \$29 million on repurchases during fiscal year 2020 which is included in Other, net in the Company’s Consolidated Statements of Operations.

\$1 billion Aggregate Principal Amount of 4.75% Senior Notes due June 2023 (the “2023 Notes”). On May 22, 2013, Seagate HDD Cayman issued, in a private placement, \$1 billion in aggregate principal amount of 4.75% Senior Notes, which will mature on June 1, 2023. The obligations under the 2023 Notes are fully and unconditionally guaranteed on a senior unsecured basis by STX. The interest on the 2023 Notes is payable semi-annually on June 1 and December 1 of each year. Seagate HDD Cayman may redeem the 2023 Notes in whole or in part, on not less than 30, nor more than 60 days’ notice, at a “make-whole” premium redemption price. The “make-whole” redemption price will be equal to the greater of (1) 100% of the principal amount of the 2023 Notes being redeemed, or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2023 Notes being redeemed, discounted at the redemption date on a semi-annual basis at a rate equal to the sum of the applicable Treasury Rate plus 50 basis points. Accrued and unpaid interest, if any, will be paid to, but excluding, the redemption date. During fiscal year 2020, \$395 million aggregate principal amount of the 2023 Notes were repurchased for cash at a premium to their principal amount, plus accrued and unpaid interest, \$200 million and \$178 million principal amount of which was repurchased pursuant to the Tender Offers on September 18, 2019 and June 18, 2020, respectively. During fiscal year 2019, \$10 million aggregate principal amount of its 2023 Notes were repurchased for cash at a premium to their principal amount, plus accrued and unpaid interest. The Company recorded a loss of \$20 million for fiscal year 2020, which is included in Other, net in the Company’s Consolidated Statement of Operations. The loss recorded on the repurchases in fiscal year 2019 was immaterial.

\$500 million Aggregate Principal Amount of 4.875% Senior Notes due March 2024 (the “2024 Notes”). On February 3, 2017, Seagate HDD Cayman issued, in a private placement, \$500 million in aggregate principal amount of 4.875% Senior Notes which will mature on March 1, 2024. The obligations under the 2024 Notes are fully and unconditionally guaranteed, on a senior unsecured basis by STX. The interest on the 2024 Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017. At any time before January 1, 2024, Seagate HDD Cayman may redeem some or all of the 2024 Notes at a “make-whole” redemption price, plus accrued and unpaid interest, if any. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2024 Notes redeemed, plus (2) the excess, if any, of (a) the sum of the present values of the remaining scheduled payments of principal and interest on the 2024 Notes being redeemed, discounted to the redemption date on a semi-annual basis at a rate equal to the sum of the Treasury Rate plus 45 basis points, minus accrued and unpaid interest, if any, on the 2024 Notes being redeemed to, but excluding, the redemption date over (b) the principal amount of the 2024 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2024 Notes being redeemed to, but excluding, the redemption date.

\$1 billion Aggregate Principal amount of 4.75% Senior Notes due January 2025 (the “2025 Notes”). On May 28, 2014, Seagate HDD Cayman issued, in a private placement, \$1 billion in aggregate principal amount of 4.75% Senior Notes due 2025, which will mature on January 1, 2025. The obligations under the 2025 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STX. The interest on the 2025 Notes will be payable in cash semiannually on January 1 and July 1 of each year, commencing on January 1, 2015. At any time, upon not less than 30 nor more than 60 days’ notice, Seagate HDD may redeem some or all of the 2025 Notes at a “make-whole” redemption price. The “make-whole” redemption price will be equal to the greater of (1) 100% of the principal amount of the 2025 Notes redeemed, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 Notes being redeemed, discounted to the redemption date on a semi-annual basis at a rate equal to the sum of the Treasury Rate plus 50 basis points. Accrued and unpaid interest, if any, will be paid to, but excluding, the redemption date. On September 18, 2019, \$170 million principal amount of the 2025 Notes was repurchased at a premium pursuant to the Tender Offers. During fiscal year 2019, \$55 million aggregate principal amount of the 2025 Notes were repurchased for cash at a discount to their principal amount, plus accrued and unpaid interest. For fiscal years 2020 and 2019, the Company recorded a loss of \$8 million and a gain of approximately \$1 million on the repurchases respectively, which is included in Other, net in the Company’s Consolidated Statements of Operations. On June 18, 2020, Seagate HDD Cayman completed an exchange offer in which the principal amount of \$271 million of the 2025 Notes was exchanged for the principal amount of \$297 million of the 2029 Notes (as defined below). The exchange was accounted for as a debt modification with no gain or loss recognized.

\$700 million Aggregate Principal Amount of 4.875% Senior Notes due June, 2027 (the “2027 Notes”). On May 14, 2015, Seagate HDD Cayman issued, in a private placement, \$700 million in aggregate principal amount of 4.875% Senior Notes, which will mature on June 1, 2027. The obligations under the 2027 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STX. The interest on the 2027 Notes is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2015. At any time before March 1, 2027, Seagate HDD Cayman may redeem some or all of the 2027 Notes at a “make-whole” redemption price. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2027 Notes redeemed, plus (2) the excess, if any of (x) the sum of the present values of the remaining scheduled payments of principal and interest on the 2027 Notes being redeemed, discounted to the redemption date on a semi-annual basis at a rate equal to the sum of the Treasury Rate plus 40 basis points, minus accrued and unpaid interest, if any, on the 2027 Notes being redeemed to, but excluding, the redemption date over (y) the principal amount of the 2027 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2027 Notes being redeemed to, but excluding, the redemption date. At any time on or after March 1, 2027, Seagate HDD Cayman may redeem some or all of the 2027 Notes at a redemption price equal to 100% of the principal amount of the 2027 Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. During fiscal year 2019, \$6 million aggregate principal amount of the 2027 Notes were repurchased for cash at a discount to their principal amount, plus accrued and unpaid interest. For fiscal year 2019, the Company recorded an immaterial gain on the repurchase, which is included in Other, net in the Company’s Consolidated Statements of Operations. On June 18, 2020, Seagate HDD Cayman completed an exchange offer in which the principal amount of \$185 million of the 2027 Notes was exchanged for the principal amount of \$203 million of the 2029 Notes (as defined below). The exchange was accounted for as a debt modification with no gain or loss recognized.

\$500 million Aggregate Principal Amount of 4.091% Senior Notes due June, 2029 (the “2029 Notes”). On June 18, 2020, Seagate HDD Cayman issued, in a private placement, \$500 million in aggregate principal amount of 4.091% Senior Notes in connection with Seagate HDD Cayman’s exchange offers to certain eligible holders of Seagate HDD Cayman’s outstanding 2025 Notes and 2027 Notes (the “Exchange Offers”). The obligations under the 2029 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STX. The 2029 Notes will mature on June 1, 2029. Interest on the 2029 Notes will be payable in cash semiannually on June 1 and December 1 of each year, commencing on December 1, 2020. At any time before March 1, 2029, Seagate HDD Cayman may redeem any or all of the 2029 Notes at a “make-whole” redemption price. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2029 Notes redeemed, plus (2) the excess, if any, of (x) the sum of the present values of the remaining scheduled payments of principal and interest on the 2029 Notes being redeemed (as if the 2029 Notes matured on the Notes Par Call Date, as defined below), discounted to the redemption date on a semi-annual basis (assuming a 360-day year of twelve 30-day months) at a rate equal to the sum of the Treasury Rate plus 50 basis points, minus accrued and unpaid interest, if any, on the 2029 Notes being redeemed to, but excluding, the redemption date over (y) the principal amount of the 2029 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2029 Notes being redeemed to, but excluding, the redemption date. At any time on or after March 1, 2029 (the “Notes Par Call Date”), Seagate HDD Cayman may redeem some or all of the 2029 Notes at a redemption price equal to 100% of the principal amount of the 2029 Notes redeemed, plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

\$500 million Aggregate Principal Amount of 4.125% Senior Notes due January, 2031 (the “2031 Notes”). On June 10, 2020, Seagate HDD Cayman issued, in a private placement, \$500 million in aggregate principal amount of 4.125% Senior Notes, which will mature on January 15, 2031. The obligations under the 2031 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STX. Interest on the Notes will be payable in cash semiannually on January 15 and July 15 of each year, commencing on January 15, 2021. At any time before October 15, 2030, Seagate HDD Cayman may redeem any or all of the Notes at a “make-whole” redemption price. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2031 Notes redeemed, plus (2) the excess, if any, of (x) the sum of the present values of the remaining scheduled payments of principal and interest on the 2031 Notes being redeemed (as if the 2031 Notes matured on the 2031 Notes Par Call Date, as defined below), discounted to the redemption date on a semi-annual basis (assuming a 360-day year of twelve 30-day months) at a rate equal to the sum of the Treasury Rate plus 50 basis points, minus accrued and unpaid interest, if any, on the 2031 Notes being redeemed to, but excluding, the redemption date over (y) the principal amount of the 2031 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2031 Notes being redeemed to, but excluding, the redemption date. At any time on or after October 15, 2030 (the “2031 Notes Par Call Date”), Seagate HDD Cayman may redeem some or all of the 2031 Notes at a redemption price equal to 100% of the principal amount of the 2031 Notes redeemed, plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

\$500 million Aggregate Principal Amount of 5.75% Senior Notes due December, 2034 (the “2034 Notes”). On December 2, 2014, Seagate HDD Cayman issued, in a private placement, \$500 million in aggregate principal amount of 5.75% Senior Notes, which will mature on December 1, 2034. The obligations under the 2034 Notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STX. The interest on the Notes is payable semi-annually on June 1 and December 1 of each year, commencing on June 1, 2015. At any time before June 1, 2034, Seagate HDD Cayman may redeem some or all of the 2034 Notes at a “make-whole” redemption price. The “make-whole” redemption price will be equal to (1) 100% of the principal amount of the 2034 Notes redeemed, plus (2) the excess, if any of (x) the sum of the present values of the remaining scheduled payments of principal and interest on the 2034 Notes being redeemed, discounted to the redemption date on a semi-annual basis at a rate equal to the sum of the Treasury Rate plus 50 basis points, minus accrued and unpaid interest, if any, on the 2034 Notes being redeemed to, but excluding, the redemption date over (y) the principal amount of the 2034 Notes being redeemed, plus (3) accrued and unpaid interest, if any, on the 2034 Notes being redeemed to, but excluding, the redemption date. At any time on or after June 1, 2034, Seagate HDD Cayman may redeem some or all of the 2034 Notes at a redemption price equal to 100% of the principal amount of the 2034 Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

At July 3, 2020, future principal payments on long-term debt were as follows (in millions):

Fiscal Year	Amount
2021	\$ 19
2022	254
2023	571
2024	525
2025	504
Thereafter	2,376
Total	\$ 4,249

5. Income Taxes

Income before income taxes consisted of the following:

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
U.S.	\$ 121	\$ 275	\$ (29)
Non-U.S.	911	1,097	1,447
	\$ 1,032	\$ 1,372	\$ 1,418

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

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Current income tax expense:			
U.S. Federal	\$ —	\$ —	\$ —
U.S. State	—	—	5
Non-U.S.	36	45	38
Total Current	36	45	43
Deferred income tax (benefit) expense:			
U.S. Federal	(16)	(690)	201
U.S. State	(2)	12	—
Non-U.S.	10	(7)	(8)
Total Deferred	(8)	(685)	193
Provision (benefit) for income taxes	\$ 28	\$ (640)	\$ 236

The significant components of the Company's deferred tax assets and liabilities were as follows (in millions):

(Dollars in millions)	Fiscal Years Ended	
	July 3, 2020	June 28, 2019
Deferred tax assets		
Accrued warranty	\$ 35	\$ 46
Inventory carrying value adjustments	30	34
Receivable allowances	11	10
Accrued compensation and benefits	55	53
Depreciation	59	89
Restructuring accruals	9	4
Other accruals and deferred items	22	15
Net operating losses	735	743
Tax credit carryforwards	603	582
Other assets	7	7
Gross: Deferred tax assets	1,566	1,583
Less: Valuation allowance	(438)	(460)
Net: Deferred tax assets	1,128	1,123
Deferred tax liabilities		
Unremitted earnings of certain non-U.S. entities	(16)	(16)
Acquisition-related items	(8)	(13)
Other liabilities	(5)	—
Net: Deferred tax liabilities	(29)	(29)
Total net deferred tax assets	\$ 1,099	\$ 1,094

At July 3, 2020, the Company recorded \$1.1 billion of net deferred tax assets. The realization of most of these deferred tax assets is primarily dependent on the Company's ability to generate sufficient U.S. and certain non-Irish taxable income in future periods. Although realization is not assured, the Company's management believes it is more likely than not that these deferred tax assets will be realized. The amount of deferred tax assets considered realizable, however, may increase or decrease in subsequent periods when the Company re-evaluates the underlying basis for its estimates of future U.S. and certain non-Irish taxable income.

The deferred tax asset valuation allowance decreased by \$22 million in fiscal year 2020 primarily driven by the Company's profitability outlook in the U.S.

At July 3, 2020, the Company had U.S. federal, U.S. state and non-U.S. tax net operating loss carryforwards of approximately \$3.0 billion, \$1.7 billion and \$113 million, respectively, which will expire at various dates beginning in fiscal year 2021, if not utilized. Net operating loss carryforwards of approximately \$6 million are scheduled to expire in fiscal year 2021. At July 3, 2020, the Company had U.S. federal and state tax credit carryforwards of \$554 million and \$148 million, respectively, which will expire at various dates beginning in fiscal year 2021 if not utilized.

As of July 3, 2020, approximately \$371 million and \$114 million of the Company's total U.S. net operating loss and tax credit carryforwards, respectively, are subject to annual limitations ranging from \$1 million to \$45 million pursuant to U.S. tax law.

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

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Provision at statutory rate	\$ 258	\$ 343	\$ 355
Permanent differences	(1)	3	(2)
Effect of U.S. corporate tax rate change	—	—	524
Valuation allowance	(16)	(742)	(297)
Earnings taxed at less than statutory rate	(193)	(234)	(317)
Research Credit	(27)	(38)	(25)
Tax expense related to intercompany transactions	—	23	—
Other individually immaterial items	7	5	(2)
Provision (benefit) for income taxes	<u>\$ 28</u>	<u>\$ (640)</u>	<u>\$ 236</u>

A substantial portion of the Company's operations in Malaysia, Singapore and Thailand operate under various tax incentive programs, which expire in whole or in part at various dates through 2025. Certain tax incentives may be extended if specific conditions are met. The net impact of these tax incentive programs was to increase the Company's net income by approximately \$206 million in fiscal year 2020 (\$0.78 per share, diluted), to increase the Company's net income by approximately \$194 million in fiscal year 2019 (\$0.68 per share, diluted) and to increase the Company's net income by approximately \$269 million in fiscal year 2018 (\$0.92 per share, diluted).

The Company consists of an Irish tax resident parent holding company with various U.S. and non-U.S. subsidiaries that operate in multiple non-Irish taxing jurisdictions. The amount of temporary differences (including undistributed earnings) related to outside basis differences in the stock of non-Irish resident subsidiaries considered indefinitely reinvested outside of Ireland for which Irish income taxes have not been provided as of July 3, 2020, was approximately \$1.9 billion. If such amounts were remitted to Ireland as a dividend, it is likely that tax at 25%, or approximately \$475 million would result.

As of July 3, 2020 and June 28, 2019, the Company had approximately \$89 million and \$83 million, respectively, of unrecognized tax benefits excluding interest and penalties. These amounts, if recognized, would impact the effective tax rate subject to certain future valuation allowance offsets.

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

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Balance of unrecognized tax benefits at the beginning of the year	\$ 83	\$ 60	\$ 74
Gross increase for tax positions of prior years	—	22	2
Gross decrease for tax positions of prior years	(1)	(9)	(3)
Gross increase for tax positions of current year	8	16	7
Gross decrease for tax positions of current year	—	—	—
Settlements	(1)	—	—
Lapse of statutes of limitation	—	(6)	(20)
Non-U.S. exchange gain	—	—	—
Balance of unrecognized tax benefits at the end of the year	<u>\$ 89</u>	<u>\$ 83</u>	<u>\$ 60</u>

It is the Company's policy to include interest and penalties related to unrecognized tax benefits in the provision for income taxes on the Consolidated Statements of Operations. During fiscal year 2020, the Company recognized net income tax benefit for interest and penalties of less than \$1 million, as compared to net tax benefit of \$2 million during fiscal year 2019, and net tax benefit of \$2 million during fiscal year 2018. As of July 3, 2020, the Company had less than \$1 million of accrued interest and penalties related to unrecognized tax benefits compared to \$1 million in fiscal year 2019.

During the 12 months beginning July 4, 2020, the Company expects that its unrecognized tax benefits could be reduced by less than \$1 million as a result of the expiration of certain statutes of limitation.

The Company is required to file U.S. federal, U.S. state and non-U.S. income tax returns. The Company is no longer subject to examination of its U.S. federal income tax returns for years prior to fiscal year 2017. The Company is no longer subject to tax examination for years ending prior to fiscal year 2008 for U.S. state income tax returns and prior to fiscal year 2009 for non-U.S. income tax returns.

6. Leases

The Company is a lessee in several operating leases related to real estate facilities for warehouse and office space.

The Company's lease arrangements comprise operating leases with various expiration dates through 2082. The lease term includes the non-cancelable period of the lease, adjusted for options to extend or terminate the lease when it is reasonably certain that an option will be exercised.

Operating lease costs include short-term lease costs and are shown net of immaterial sublease income. The components of lease costs and other information related to leases were as follows:

	Fiscal Year Ended July 3, 2020
(Dollars in millions)	
Operating lease cost	\$ 22
Variable lease cost	4
Total lease cost	\$ 26
Operating cash outflows from operating leases	\$ 18
	July 3, 2020
Weighted-average remaining lease term	13.2 years
Weighted-average discount rate	6.53 %

ROU assets and lease liabilities are included on the Company's Consolidated Balance Sheet as follows:

(Dollars in millions)	Balance Sheet Location	July 3, 2020
ROU assets	Other assets, net	\$ 103
Current lease liabilities	Accrued expenses	\$ 14
Non-current lease liabilities	Other non-current liabilities	\$ 49

At July 3, 2020, future lease payments included in the measurement of lease liabilities were as follows (in millions):

Fiscal Year	Amount
2021	\$ 15
2022	15
2023	10
2024	5
Thereafter	103
Total lease payments	148
Less: imputed interest	(85)
Present value of lease liabilities	\$ 63

Prior to fiscal year 2020, the Company recognized rent expense for operating leases under the legacy guidance ASC 840. Total rent expense for all land, facility and equipment operating leases, net of sublease income, was \$18 million and \$22 million for fiscal years 2019 and 2018, respectively.

7. Restructuring and Exit Costs

During fiscal years 2020 and 2018, the Company recorded restructuring charges of \$82 million and \$89 million, respectively, comprised primarily of charges related to workforce reduction costs and facilities and other exit costs associated with the restructuring of its workforce. During fiscal year 2019, the Company recorded a net gain of \$22 million that included a gain from the sale of a certain property. The Company's significant restructuring plans are described below. All restructuring charges are reported in Restructuring and other, net on the Consolidated Statements of Operations.

June 2020 Plan - On June 1, 2020, the Company committed to a restructuring plan (the "June 2020 Plan") consistent with its long-term strategy to drive operational efficiencies, reduce its cost structure and invest in future opportunities. The June 2020 Plan included consolidating the Company's Minnesota facilities into one location and reducing its headcount worldwide by approximately 500 employees. The June 2020 Plan is expected to be substantially completed during the first quarter of fiscal year 2021.

December 2017 Plan - On December 8, 2017, the Company committed to a restructuring plan (the "December 2017 Plan") to reduce its cost structure. The December 2017 Plan included reducing the Company's global headcount by approximately 500 employees. The December 2017 Plan was substantially completed during fiscal year 2018.

July 2017 Plan - On July 25, 2017, the Company committed to a restructuring plan (the "July 2017 Plan") to reduce its cost structure. The July 2017 Plan included reducing the Company's global headcount by approximately 600 employees. The July 2017 Plan was substantially completed during fiscal year 2018.

The following table summarizes the Company's restructuring activities under all of the Company's active restructuring plans for fiscal years 2020, 2019 and 2018:

	June 2020 Plan		December 2017 Plan		July 2017 Plan		Other Plans		
(Dollars in millions)	Workforce Reduction Costs	Facilities and Other Exit Costs	Workforce Reduction Costs	Facilities and Other Exit Costs	Workforce Reduction Costs	Facilities and Other Exit Costs	Workforce Reduction Costs	Facilities and Other Exit Costs	Total
Accrual balances at June 30, 2017	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 28	\$ 15	\$ 43
Restructuring charges	—	—	28	6	38	4	14	15	105
Cash payments	—	—	(21)	(2)	(37)	(3)	(33)	(19)	(115)
Adjustments	—	—	(2)	—	(1)	—	5	7	9
Accrual balances at June 29, 2018	—	—	5	4	—	1	14	18	42
Restructuring charges	—	—	—	3	—	—	41	10	54
Cash payments	—	—	(5)	(5)	—	—	(43)	(12)	(65)
Adjustments	—	—	—	(1)	—	(1)	1	—	(1)
Accrual balances at June 28, 2019	—	—	—	1	—	—	13	16	30
Lease adoption adjustment	—	—	—	—	—	—	—	(11)	(11)
Restructuring charges	56	2	—	—	—	—	26	2	86
Cash payments	(18)	—	—	(1)	—	—	(30)	(4)	(53)
Adjustments	—	—	—	—	—	—	(4)	—	(4)
Accrual balances at July 3, 2020	\$ 38	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ 3	\$ 48
Total costs incurred to date as of July 3, 2020	\$ 56	\$ 2	\$ 26	\$ 8	\$ 37	\$ 3	\$ 192	\$ 82	\$ 406
Total expected costs to be incurred as of July 3, 2020	\$ —	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8

Of the accrued restructuring balance of \$48 million at July 3, 2020, \$45 million is included in Accrued expenses and \$3 million is included in Other non-current liabilities in the Company's Consolidated Balance Sheet.

During fiscal year 2019, the Company sold a certain property, which was previously classified as assets held for sale and recognized a gain of approximately \$78 million. The Company also recorded an impairment charge of \$3 million on its held for sale land and building during fiscal year 2019. The gain and impairment charge were included in Restructuring and other, net in the Company's Consolidated Statements of Operations.

8. Derivative Financial Instruments

The Company is exposed to foreign currency exchange rate, interest rate and to a lesser extent, equity market risks relating to its ongoing business operations. From time to time, the Company enters into cash flow hedges in the form of foreign currency forward exchange contracts in order to manage the foreign currency exchange rate risk on forecasted expenses and investments denominated in foreign currencies.

In the quarter ended October 4, 2019, the Company entered into certain interest rate swap agreements with a notional amount of \$500 million to convert the variable interest rate on its Term Loan to fixed interest rates. The contracts will mature on September 16, 2025. The objective of the interest rate swap agreements is to eliminate the variability of interest payment cash flows associated with the variable interest rates under the Term Loan. The Company designated the interest rate swaps as cash flow hedges.

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 on its Consolidated Balance Sheets at fair value. The changes in the fair value of highly effective 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 or are not assessed to be highly effective are adjusted to fair value through earnings. The amount of net unrealized loss on cash flow

hedges was \$24 million as of July 3, 2020, and the amount of net unrealized loss on cash flow hedges was not material as of June 28, 2019. As of July 3, 2020, the amount of existing net losses related to cash flow hedges recorded in Accumulated other comprehensive loss included \$3 million that is expected to be reclassified to earnings within twelve months.

The Company de-designates its cash flow hedges when the forecasted hedged transactions affects earnings 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 on the Company's Consolidated Balance Sheets are reclassified into earnings and any subsequent changes in the fair value of such derivative instruments are immediately reflected in earnings. The Company recognized a net loss of \$3 million in Other expense, net related to the loss of hedge designation on discontinued cash flow hedges during fiscal year 2020. The Company did not recognize any material amounts related to the loss of hedge designation on discontinued cash flow hedges during fiscal years 2019 and 2018.

Other derivatives not designated as hedging instruments consist of foreign currency forward exchange contracts that the Company uses to hedge the foreign currency exposure on forecasted expenditures denominated in currencies other than the U.S. dollar. The Company recognizes gains and losses on these contracts, as well as the related costs in Other, net on its Consolidated Statements of Operations.

The following tables show the total notional value of the Company's outstanding foreign currency forward exchange contracts as of July 3, 2020 and June 28, 2019. All of the foreign currency forward exchange contracts mature within 12 months.

(Dollars in millions)	As of July 3, 2020	
	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Thai Baht	\$ 157	\$ 42
Singapore Dollar	187	56
Chinese Renminbi	81	25
British Pound Sterling	64	20
	<u>\$ 489</u>	<u>\$ 143</u>

(Dollars in millions)	As of June 28, 2019	
	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Singapore Dollar	\$ 60	\$ 40
Chinese Renminbi	79	20
British Pound Sterling	6	12
	<u>\$ 145</u>	<u>\$ 72</u>

The Company is subject to equity market risks due to changes in the fair value of the notional investments selected by its employees as part of its non-qualified deferred compensation plan: the Seagate Deferred Compensation Plan (the "SDCP"). In fiscal year 2014, the Company entered into a Total Return Swap ("TRS") in order to manage the equity market risks associated with the SDCP's liabilities. The Company pays a floating rate, based on LIBOR plus an interest rate spread, on the notional amount of the TRS. The TRS is designed to substantially offset changes in the SDCP's liabilities due to changes in the value of the investment options made by employees. As of July 3, 2020, the notional investments underlying the TRS amounted to \$105 million. The contract term of the TRS is through January 2021 and is settled on a monthly basis, therefore limiting counterparty performance risk. The Company did not designate the TRS as a hedge. Rather, the Company records all changes in the fair value of the TRS to earnings to offset the market value changes of the SDCP's liabilities.

The following tables show the Company's derivative instruments measured at gross fair value as reflected in the Consolidated Balance Sheets as of July 3, 2020 and June 28, 2019:

(Dollars in millions)	As of July 3, 2020			
	Derivative Assets		Derivative Liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	\$ 3	Accrued expenses	\$ —
Interest rate swap	Other current assets	—	Accrued expenses	(27)
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	2	Accrued expenses	(2)
Total return swap	Other current assets	1	Accrued expenses	—
Total derivatives		<u>\$ 6</u>		<u>\$ (29)</u>

(Dollars in millions)	As of June 28, 2019			
	Derivative Assets		Derivative Liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	\$ —	Accrued expenses	\$ —
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	1	Accrued expenses	(1)
Total return swap	Other current assets	—	Accrued expenses	—
Total derivatives		<u>\$ 1</u>		<u>\$ (1)</u>

The following tables show the effect of the Company's derivative instruments on the Consolidated Statement of Comprehensive Income and Consolidated Statement of Operations for the fiscal year ended July 3, 2020:

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives
Foreign currency forward exchange contracts	Other, net	\$ (2)
Total return swap	Operating expenses	2

(Dollars in millions)	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Derivatives Designated as Hedging Instruments					
Foreign currency forward exchange contracts	\$ 2	Other expense, net	\$ (3)	Other expense, net	\$ (1)
Interest rate swap	(29)	Other expense, net	—	Other expense, net	—

The following table shows the effect of the Company's derivative instruments on the Consolidated Statement of Operations for the fiscal year ended June 28, 2019:

Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives
Foreign currency forward exchange contracts	Other, net	\$ 20
Total return swap	Operating expenses	3

The amount of gain or loss recognized in the Consolidated Statement of Comprehensive Income on derivatives designated as cash flow hedges was not material for fiscal year 2019. The amount of gain or loss recognized in income related to the ineffective portion of the hedging relationships and to the amount excluded from the assessment of hedge ineffectiveness was not material for the fiscal year 2019.

9. Fair Value

Measurement of Fair Value

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

Fair Value Hierarchy

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

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 tables present the Company's assets and liabilities, by financial instrument type and balance sheet line item that are measured at fair value on a recurring basis, excluding accrued interest components, as of July 3, 2020:

(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:				
Money market funds	\$ 494	\$ —	\$ —	\$ 494
Time deposits and certificates of deposit	—	55	—	55
Total cash equivalents	494	55	—	549
Restricted cash and investments:				
Money market funds	1	—	—	1
Time deposits and certificates of deposit	—	1	—	1
Other debt securities	—	—	18	18
Derivative assets	—	6	—	6
Total assets	\$ 495	\$ 62	\$ 18	\$ 575
Liabilities:				
Derivative liabilities	\$ —	\$ 29	\$ —	\$ 29
Total liabilities	\$ —	\$ 29	\$ —	\$ 29

(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	\$ 494	\$ 55	\$ —	\$ 549
Other current assets	1	7	—	8
Other assets, net	—	—	18	18
Total assets	\$ 495	\$ 62	\$ 18	\$ 575
Liabilities:				
Accrued expenses	\$ —	\$ 29	\$ —	\$ 29
Total liabilities	\$ —	\$ 29	\$ —	\$ 29

The following tables present the Company's assets and liabilities, by financial instrument type and balance sheet line item that are measured at fair value on a recurring basis, excluding accrued interest components, as of June 28, 2019:

(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:				
Money market funds	\$ 416	\$ —	\$ —	\$ 416
Time deposits and certificates of deposit	—	132	—	132
Total cash equivalents	416	132	—	548
Restricted cash and investments:				
Money market funds	1	—	—	1
Time deposits and certificates of deposit	—	1	—	1
Other debt securities	—	—	7	7
Derivative assets	—	1	—	1
Total assets	\$ 417	\$ 134	\$ 7	\$ 558
Liabilities:				
Derivative liabilities	\$ —	\$ 1	\$ —	\$ 1
Total liabilities	\$ —	\$ 1	\$ —	\$ 1

(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	\$ 416	\$ 132	\$ —	\$ 548
Other current assets	1	2	—	3
Other assets, net	—	—	7	7
Total assets	\$ 417	\$ 134	\$ 7	\$ 558
Liabilities:				
Accrued expense	\$ —	\$ 1	\$ —	\$ 1
Total liabilities	\$ —	\$ 1	\$ —	\$ 1

The Company classifies items in Level 1 if the financial assets consist of securities 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, U.S. Treasuries, time deposits and certificates of deposit. 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 value of all of its cash equivalents. For the cash equivalents 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 July 3, 2020, 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, interest rate swaps and the TRS. The Company recognizes derivative financial instruments in its consolidated financial statements at fair value. The Company determines the fair value of these instruments by considering the estimated amount it would pay or receive to terminate these agreements at the reporting date.

Items Measured at Fair Value on a Non-Recurring Basis

From time to time, the Company enters into certain strategic investments for the promotion of business and strategic objectives. These strategic investments primarily include cost basis investments representing those where the Company does not have the ability to exercise significant influence. These investments are included in Other assets, net in the Company's Consolidated Balance Sheets and are periodically analyzed to determine whether or not there are indicators of impairment.

As of July 3, 2020 and June 28, 2019, the carrying value of the Company's strategic investments was \$135 million and \$114 million, respectively. The Company's strategic investments are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized on the Company's strategic investments during the period, the Company classifies these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs. For fiscal year 2020, the Company recorded downward adjustments of \$18 million in order to write down the carrying amount of certain investments to their fair value. These amounts were recorded in Other, net in the Consolidated Statements of Operations. For fiscal year 2019, there were no upward or downward adjustments on equity investments as a result of adoption of the measurement alternative. During fiscal year 2018, the Company determined that certain of its equity investments accounted for under the cost method were other-than-temporarily impaired, and recognized charges of \$11 million in order to write down the carrying amount of the investments to its estimated fair value.

As of June 28, 2019, the Company had \$23 million of held for sale land and building (collectively, the "properties") included in Other current assets on its Consolidated Balance Sheets. In July 2019, the Company completed the sale of the properties. As of July 3, 2020, the Company had 0 held for sale land or buildings.

Other Fair Value Disclosures

The Company's debt is carried at amortized cost. The estimated fair value of the Company's debt is derived using the closing price of the same debt instruments as of 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 in order of maturity:

(Dollars in millions)	July 3, 2020		June 28, 2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
4.250% Senior Notes due March 2022	\$ 229	\$ 237	\$ 749	\$ 763
4.750% Senior Notes due June 2023	546	576	941	973
4.875% Senior Notes due March 2024	498	541	498	514
4.750% Senior Notes due January 2025	479	517	920	929
4.875% Senior Notes due June 2027	504	549	689	688
4.091% Senior Notes due June 2029	456	523	—	—
4.125% Senior Notes due January 2031	499	524	—	—
5.750% Senior Notes due December 2034	489	543	489	482
LIBOR Based Term Loan due September 2025	500	490	—	—
	\$ 4,200	\$ 4,500	\$ 4,286	\$ 4,349
Less: debt issuance costs	(25)	—	(33)	—
Debt, net of debt issuance costs	\$ 4,175	\$ 4,500	\$ 4,253	\$ 4,349
Less: current portion of debt, net of debt issuance costs	(19)	(19)	—	—
Long-term debt, less current portion, net of debt issuance costs	\$ 4,156	\$ 4,481	\$ 4,253	\$ 4,349

10. Shareholders' Equity

Share Capital

The Company's authorized share capital is \$13,500 and consists of 1,250,000,000 ordinary shares, par value \$0.00001, of which 256,718,840 shares were outstanding as of July 3, 2020, and 100,000,000 preferred shares, par value \$0.00001, of which none were issued or outstanding as of July 3, 2020.

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.

Repurchases of Equity Securities

All repurchases are effected as redemptions in accordance with the Company's Constitution.

As of July 3, 2020, \$1.3 billion remained available for repurchase under the existing repurchase authorization limit.

The following table sets forth information with respect to repurchases of the Company's ordinary shares during fiscal years 2020, 2019 and 2018:

(In millions)	Number of Shares Repurchased	Dollar Value of Shares Repurchased
Cumulative repurchased through June 30, 2017	341	\$ 10,118
Repurchased in fiscal year 2018 ⁽¹⁾	11	384
Cumulative repurchased through June 29, 2018	352	10,502
Repurchased in fiscal year 2019 ⁽¹⁾	22	997
Cumulative repurchased through June 28, 2019	374	11,499
Repurchased in fiscal year 2020 ⁽¹⁾	18	887
Cumulative repurchased through July 3, 2020	392	\$ 12,386

(1) For fiscal years 2020, 2019 and 2018, includes net share settlements of \$40 million, \$31 million and \$23 million for 1 million, 1 million and 1 million shares, respectively, in connection with tax withholding related to vesting of restricted share units.

11. Share-Based Compensation

Share-Based Compensation Plans

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

Seagate Technology plc 2012 Equity Incentive Plan (the “EIP”). On October 26, 2011, the shareholders approved the EIP and authorized the issuance of up to a total of approximately 27.0 million ordinary shares, par value \$0.00001 per share, plus any shares remaining available for grant under the Seagate Technology plc 2004 Share Compensation Plan (the “SCP”) as of the effective date of the EIP (which was equal to approximately 11.0 million ordinary shares as of the effective date of the EIP and which will increase by such additional number of shares as will be returned to the share reserve in respect of awards previously granted under the SCP) (together, the “Share Reserve”). On October 22, 2014, the shareholders authorized the issuance under the EIP of an additional 25.0 million ordinary shares, par value \$0.00001 per share. On October 19, 2016, the shareholders authorized the issuance under the EIP of an additional 7.5 million ordinary shares, par value \$0.00001 per share. On October 29, 2019, the shareholders authorized the issuance under the EIP of an additional 12.1 million ordinary shares, par value \$0.00001 per share. 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 units (“RSUs”) or performance-based share units (“PSU”) (collectively, “Full-Value Share Awards”) will generally be counted, after October 29, 2019, against the Share Reserve as 2.25 shares for every one share granted. As of July 3, 2020, there were approximately 27.0 million ordinary shares available for issuance of Full-Value Share Awards under the EIP.

Dot Hill Systems 2009 Equity Incentive Plan (the “DHEIP”). Seagate Technology plc acquired the Dot Hill Systems 2009 Equity Incentive Plan effective October 6, 2015. The Company assumed the remaining authorized but unused share reserve of approximately 2.0 million shares, based on the conversion ratio, from the DHEIP on the acquisition date. Effective April 24, 2019, the Company terminated the DHEIP and thus, no further grants will be made under the DHEIP. Outstanding awards granted under the DHEIP will remain subject to the terms of the DHEIP.

Seagate Technology plc Employee Stock Purchase Plan (the “ESPP”). There are 60.0 million ordinary shares authorized to be issued under the ESPP. The ESPP consists of a six-month offering period with a maximum issuance of 1.5 million ordinary shares per offering period. The ESPP permits eligible employees to purchase ordinary shares through payroll deductions generally at 85% of the fair market value of the ordinary shares. As of July 3, 2020, there were approximately 9.9 million ordinary shares available for issuance under the ESPP.

Equity Awards

RSUs generally vest over a period of four years, with cliff vesting of a portion of each award occurring annually, subject to continuous employment with the Company through the vesting date. Options 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 and SCP have an exercise price equal to the fair market value of the Company’s ordinary shares on the grant date. Fair market value is defined as the closing price of the Company’s ordinary shares on NASDAQ on the grant date.

The Company granted PSUs to its senior executive officers under the SCP and the EIP where vesting is subject to both the continued employment of the participant by the Company and the achievement of certain financial and operational performance goals established by the Compensation Committee of the Company’s Board of Directors. A single PSU represents the right to receive a single ordinary share of the Company. During fiscal years 2020, 2019 and 2018, the Company granted 0.3 million, 0.4 million and 0.4 million PSUs, respectively, where performance is measured based on a three-year average return on invested capital (“ROIC”) goal and a relative total shareholder return (“TSR”) goal, which is based on the Company’s ordinary shares measured against a benchmark TSR of a peer group over the same three-year period (the “TSR/ROIC” awards). These awards vest after the end of the performance period of three years from the grant date. A percentage of these units may vest only if at least the minimum ROIC goal is met regardless of whether the TSR goal is met. The number of share units to vest will range from 0% to 200% of the targeted units. In evaluating the fair value of these units, the Company used a Monte Carlo simulation on the grant date, taking the market-based TSR goal into consideration. Compensation expense related to these units is only recorded in a period if it is probable that the ROIC goal will be met, and it is to be recorded at the expected level of achievement.

The Company also granted 0.1 million, 0.1 million and 0.2 million PSUs during fiscal years 2020, 2019 and 2018, respectively, to its senior executive officers which are subject to a performance goal related to the Company’s adjusted earnings per share (“AEPS”). These awards have a maximum seven-year vesting period, with 25% annual vesting starting on the first anniversary of the grant date. If the AEPS goal is not achieved, vesting is delayed to a following year in which the AEPS goal is achieved. Any unvested awards from prior years may vest cumulatively in a future year within the seven-year vesting period if the annual AEPS goal is achieved during a subsequent year. If the AEPS goal has not been met by the end of the seven year period, any unvested shares will be forfeited.

Determining Fair Value of Seagate Technology Share Plans

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

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

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

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

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

The fair value of the Company's shares related to options and RSUs granted to employees, shares issued from the ESPP and PSUs subject to TSR/ROIC or AEPS conditions for fiscal years 2020, 2019 and 2018 were estimated using the following assumptions:

	Fiscal Years		
	2020	2019	2018
Options			
Expected term (in years)	4.2	4.2	4.2
Volatility	39 %	39 - 40%	38 - 42%
Weighted-average volatility	39 %	39 %	40 %
Expected dividend rate	4.2 %	4.6 - 5.0%	3.8 - 7.4%
Weighted-average expected dividend rate	4.2 %	4.7 %	6.8 %
Risk-free interest rate	1.4 %	2.5 - 2.8%	1.5 - 2.7%
Weighted-average fair value	\$ 12.41	\$ 11.49	\$ 6.56
RSUs			
Expected term (in years)	1 - 2.5	1 - 2.5	1 - 2.5
Expected dividend rate	3.9 - 5.8%	4.1 - 6.4%	3.5 - 7.4%
Weighted-average expected dividend rate	4.25 %	4.68 %	7.11 %
Weighted-average fair value	\$ 49.49	\$ 44.37	\$ 26.69
ESPP			
Expected term (in years)	0.5	0.5	0.5
Volatility	32 - 35%	34 - 42%	37 - 38%
Weighted-average volatility	33 %	38 %	37 %
Expected dividend rate	4.3 - 5.4%	4.8 - 5.6%	4.6 - 7.6%
Weighted-average expected dividend rate	4.9 %	5.2 %	6.5 %
Risk-free interest rate	1.6 - 2.0%	2.2 - 2.4%	1.1 - 1.6%
Weighted-average fair value	\$ 12.23	\$ 12.18	\$ 10.10
PSUs subject to TSR/ROIC conditions			
Expected term (in years)	3.0	3.0	3.0
Volatility	37 %	46 %	45 %
Weighted-average volatility	37 %	46 %	45 %
Expected dividend rate	4.6 %	5.0 %	8.1 %
Weighted-average expected dividend rate	4.6 %	5.0 %	8.1 %
Risk-free interest rate	1.5 %	2.8 %	1.4 %
Weighted-average fair value	\$ 52.39	\$ 46.38	\$ 25.90
PSUs subject to an AEPS condition			
Expected term (in years)	1 - 2.5	1 - 2.5	1 - 2.5
Expected dividend rate	4.2 %	4.6 - 5.0%	5.8 - 7.2%
Weighted-average expected dividend rate	4.2 %	4.7 %	7.0 %
Weighted-average fair value	\$ 49.27	\$ 43.92	\$ 27.10

Share-Based Compensation Expense

The Company recorded \$109 million, \$99 million and \$112 million of share-based compensation during fiscal years 2020, 2019 and 2018, respectively. Management has made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest. When estimating forfeitures, the Company considers voluntary termination behavior as well as the historical analysis of actual forfeited awards.

Share Option Activity

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

Options	Number of Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (Dollars in millions)
Outstanding at June 28, 2019	3.5	\$ 41.04	4.2	\$ 29
Granted	0.2	\$ 54.78		
Exercised	(1.2)	\$ 37.30		
Forfeitures	(0.1)	\$ 37.73		
Expirations	—	\$ —		
Outstanding at July 3, 2020	2.4	\$ 44.18	3.7	\$ 15
Vested and expected to vest at July 3, 2020	2.4	\$ 44.14	3.7	\$ 15
Exercisable at July 3, 2020	1.6	\$ 44.05	3.0	\$ 11

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's ordinary shares for the options that were in-the-money at July 3, 2020. During fiscal years 2020, 2019 and 2018, the aggregate intrinsic value of options exercised under the Company's share option plans was \$22 million, \$5 million and \$34 million, respectively, determined as of the date of option exercise. The aggregate fair value of options vested during fiscal years 2020, 2019 and 2018 was approximately \$6 million, \$9 million and \$12 million, respectively.

At July 3, 2020, the total compensation cost related to options granted to employees but not yet recognized was approximately \$7 million, net of an immaterial amount of estimated forfeitures. This cost is being amortized on a straight-line basis over a weighted-average remaining term of approximately 2.0 years and will be adjusted for subsequent changes in estimated forfeitures.

Unvested Awards Activity

The following is a summary of unvested award activities which do not contain a performance condition:

Unvested Awards	Number of Shares (In millions)	Weighted-Average Grant-Date Fair Value
Unvested at June 28, 2019	5.4	\$ 36.01
Granted	2.2	\$ 49.49
Forfeitures	(0.8)	\$ 39.86
Vested	(2.0)	\$ 35.33
Unvested at July 3, 2020	4.8	\$ 41.77

At July 3, 2020, the total compensation cost related to unvested awards granted to employees but not yet recognized was approximately \$134 million, net of estimated forfeitures of approximately \$18 million. This cost is being amortized on a straight-line basis over a weighted-average remaining term of 2.2 years and will be adjusted for subsequent changes in estimated forfeitures. The aggregate fair value of unvested awards vested during fiscal years 2020, 2019 and 2018 were approximately \$71 million, \$57 million and \$76 million, respectively.

Performance Awards

The following is a summary of unvested award activities which contain a performance condition:

Performance Awards	Number of Shares (In millions)	Weighted- Average Grant- Date Fair Value
Performance units at June 28, 2019	1.0	\$ 43.81
Granted	0.5	\$ 44.75
Forfeitures	(0.1)	\$ 38.39
Vested	(0.5)	\$ 33.20
Performance units at July 3, 2020	0.9	\$ 42.77

At July 3, 2020, the total compensation cost related to performance awards granted to employees but not yet recognized was approximately \$16 million, net of estimated forfeitures of approximately \$2 million. This cost is being amortized on a straight-line basis over a weighted-average remaining term of 1.9 years. The aggregate fair value of performance awards vested during fiscal years 2020, 2019 and 2018 were approximately \$12 million, \$12 million and \$11 million, respectively.

ESPP

During fiscal years 2020, 2019 and 2018, the aggregate intrinsic value of shares purchased under the Company's ESPP was approximately \$19 million, \$10 million and \$31 million, respectively. At July 3, 2020, the total compensation cost related to options to purchase the Company's ordinary shares under the ESPP but not yet recognized was approximately \$1.3 million. This cost will be amortized on a straight-line basis over a weighted-average period of approximately one month. During fiscal year 2020, the Company issued 1.5 million ordinary shares with a weighted-average exercise price of \$38.90 per share.

Tax-Deferred Savings Plan

The Company has a tax-deferred savings plan, the Seagate 401(k) Plan (the "401(k) plan"), for the benefit of qualified employees. The 401(k) plan is designed to provide employees with an accumulation of funds at retirement. Qualified employees may elect to make contributions to the 401(k) plan on a bi-weekly basis. Pursuant to the 401(k) plan, the Company matches 50% of employee contributions, up to 6% of compensation, subject to maximum annual contributions of \$6,000 per participating employee. During fiscal years 2020, 2019 and 2018, the Company made matching contributions of \$15 million, \$16 million and \$16 million, respectively.

Deferred Compensation Plan

The Company has adopted the SDCP for the benefit of eligible employees. The plan is designed to permit certain discretionary employer contributions, in excess of the tax limits applicable to the 401(k) plan, and to permit employee deferrals in excess of certain tax limits. During fiscal year 2014, the Company entered into a TRS in order to manage the equity market risks associated with the SDCP liabilities. See *Note 8. Derivative Financial Instruments* contained in this report for additional information about the TRS.

12. Guarantees

Indemnifications of Officers and Directors

Seagate Technology, an exempted company incorporated with limited liability under the laws of the Cayman Islands (“Seagate-Cayman”) and wholly-owned subsidiary of STX, from time to time enters into indemnification agreements with the directors, officers, employees and agents of STX or any of its subsidiaries (each, an “Indemnitee”). The indemnification agreements provide indemnification in addition to any of Indemnitee’s indemnification rights under any relevant Articles of Association (or similar constitutional document), 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 STX or any of its subsidiaries, arising out of his or her service as a director, officer, employee or agent of STX or any of its subsidiaries or of any other entity to which he or she provides services at the Company’s request. However, Indemnitees are not indemnified under the indemnification agreements for (i) any fraud or dishonesty in the performance of Indemnitee’s duty to STX or the applicable subsidiary 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. In addition, the indemnification agreements provide that Seagate-Cayman will advance expenses incurred by an Indemnitee in connection with enforcement of the 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.

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

Indemnification Obligations

The Company from time to time enters into agreements with customers, suppliers, partners and others in the ordinary course of business that provide indemnification for certain matters including, but not limited to, intellectual property infringement claims, environmental claims and breach of agreement claims. The nature of the Company’s indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the Company’s 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 1 to 5 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. As of July 3, 2020, the Company’s reserve for product warranty was \$151 million compared to \$195 million as of June 28, 2019. This decrease of \$44 million was primarily driven by a continued decline in cost to repair and a decrease in the Company’s warranty return rate as compared to prior year.

Changes in the Company’s product warranty liability during the fiscal years ended July 3, 2020, June 28, 2019 and June 29, 2018 were as follows:

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Balance, beginning of period	\$ 195	\$ 237	\$ 233
Warranties issued	86	112	147
Repairs and replacements	(85)	(99)	(106)
Changes in liability for pre-existing warranties, including expirations	(45)	(55)	(37)
Balance, end of period	<u>\$ 151</u>	<u>\$ 195</u>	<u>\$ 237</u>

13. 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, unvested RSUs and PSUs and shares to be purchased under the ESPP. 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 attributable to the shareholders of the Company:

(In millions, except per share data)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Numerator:			
Net income	\$ 1,004	\$ 2,012	\$ 1,182
Number of shares used in per share calculations:			
Total shares for purposes of calculating basic net income per share	262	282	288
Weighted-average effect of dilutive securities:			
Employee equity award plans	3	3	4
Total shares for purposes of calculating diluted net income per share	265	285	292
Net income per share			
Basic	\$ 3.83	\$ 7.13	\$ 4.10
Diluted	3.79	7.06	4.05

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

(In millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Employee equity award plans	—	—	1

14. Legal, Environmental and Other Contingencies

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

Litigation

Convole, Inc. ("Convole") and Massachusetts Institute of Technology ("MIT") v. Seagate Technology LLC, et al. On July 13, 2000, Convole 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 No. 4,916,635 (the "'635 patent'") and U.S. Patent No. 5,638,267 (the "'267 patent'"), misappropriation of trade secrets, breach of contract and other claims. On January 16, 2002, Convole filed an amended complaint, alleging defendants were infringing U.S. Patent No. 6,314,473 (the "'473 patent'"). The district court ruled in 2010 that the '267 patent was out of the case.

On August 16, 2011, the district court granted in part and denied in part the Company's motion for summary judgment. On July 1, 2013, the U.S. Court of Appeals for the Federal Circuit: 1) affirmed the district court's summary judgment rulings that the Company did not misappropriate any of the alleged trade secrets and that the asserted claims of the '635 patent are invalid; 2) reversed and vacated the district court's summary judgment of non-infringement with respect to the '473 patent; and 3) remanded the case for further proceedings on the '473 patent. On July 11, 2014, the district court granted the Company's further summary judgment motion regarding the '473 patent. On February 10, 2016, the U.S. Court of Appeals for the Federal Circuit: 1) affirmed the district court's summary judgment of no direct infringement by the Company because the Company's ATA/SCSI disk drives do not meet the "user interface" limitation of the asserted claims of the '473 patent; 2) affirmed the district court's summary judgment of non-infringement by Compaq's products as to claims 1, 3, and 5 of the '473 patent because Compaq's F10 BIOS interface does not meet the "commands" limitation of those claims; 3) vacated the district court's summary judgment of non-infringement by Compaq's accused products as to claims 7-15 of the '473 patent; 4) reversed the district court's summary judgment of non-infringement based on intervening rights; and 5) remanded the case to the district court for further proceedings on the '473 patent. In view of the rulings made by the district court and the Court of Appeals and the uncertainty regarding the amount of damages, if any, that could be awarded Conville 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.

Lambeth Magnetic Structures LLC v. Seagate Technology (US) Holdings, Inc., et al. On April 29, 2016, Lambeth Magnetic Structures LLC filed a complaint against Seagate Technology (US) Holdings, Inc. and Seagate Technology LLC in the U.S. District Court for the Western District of Pennsylvania, alleging infringement of U.S. Patent No. 7,128,988, "Magnetic Material Structures, Devices and Methods." The Company believes the claims asserted in the complaint are without merit and intends to vigorously defend this case. The court issued its claim construction ruling on October 18, 2017. The trial is scheduled to begin on November 30, 2020. While the possible range of loss for this matter remains uncertain, the Company estimates the amount of loss to be immaterial to the financial statements.

Seagate Technology LLC, et al. v. NHK Spring Co. Ltd. and TDK Corporation, et al. On February 18, 2020, Seagate Technology LLC, Seagate Technology (Thailand) Ltd., Seagate Singapore International Headquarters Pte. Ltd., and Seagate Technology International filed a complaint in the United States District Court for the Northern District of California against defendant suppliers of HDD suspension assemblies. Defendants include NHK Spring Co. Ltd., TDK Corporation, Hutchinson Technology Inc., and several of their subsidiaries and affiliates. The complaint includes federal and state antitrust law claims, as well as a breach of contract claim. The complaint alleges that defendants and their co-conspirators knowingly conspired for more than twelve years not to compete in the supply of suspension assemblies; that defendants misused confidential information that the Company had provided pursuant to nondisclosure agreements, in breach of their contractual obligations; and that the Company paid artificially high prices on its purchases of suspension assemblies. The Company seeks to recover the overcharges it paid for suspension assemblies, as well as additional relief permitted by law.

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 responsible or 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 (2011/65/EU), which prohibits the use of certain substances, including lead, in certain products, including disk drives and server storage products, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the U.S., Canada, Mexico, Taiwan, China, Japan and others. The EU REACH Directive (Registration, Evaluation, Authorization, and Restriction of Chemicals, EC 1907/2006) also restricts substances of very high concern 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, regulatory or administrative proceedings and investigations incidental to its business, and the Company may be involved in such proceedings and investigations arising in the normal course of its business in the future. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on its financial position or results of operations.

15. Commitments

Unconditional Long-Term Purchase Obligations. As of July 3, 2020, the Company had unconditional long-term purchase obligations of approximately \$163 million, primarily related to purchases of minimum quarterly amounts of inventory components at fixed contractual prices. The Company expects the commitment to total \$33 million, \$35 million, \$32 million and \$63 million for fiscal years 2022, 2023, 2024, and 2025, respectively with no remaining commitment thereafter.

Unconditional Long-term Capital Expenditures. As of July 3, 2020, the Company had \$52 million unconditional long-term commitment primarily related to purchases of equipment.

16. Business Segment and Geographic Information

The Company’s manufacturing operations are based on technology platforms that are used to produce various data storage and systems solutions that serve multiple applications and markets. The Company has determined that its Chief Operating Decision Maker, the Chief Executive Officer, evaluates performance of the Company and makes decisions regarding investments in the Company’s technology platforms and manufacturing infrastructure based on the Company’s consolidated results. As a result, the Company has concluded that its manufacture and distribution of storage solutions constitutes one reporting segment.

In fiscal years 2020, 2019 and 2018, no customer accounted for more than 10% of consolidated revenue.

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

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenue from external customers ⁽¹⁾ :			
Singapore	\$ 5,032	\$ 5,085	\$ 5,445
United States	3,583	3,310	3,719
The Netherlands	1,572	1,630	1,598
Other	322	365	422
Consolidated	<u>\$ 10,509</u>	<u>\$ 10,390</u>	<u>\$ 11,184</u>
Long-lived assets:			
Thailand	\$ 681	\$ 558	\$ 426
Singapore	601	556	600
United States	567	523	565
Other	376	286	257
Consolidated	<u>\$ 2,225</u>	<u>\$ 1,923</u>	<u>\$ 1,848</u>

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

17. Revenue

The following table provides information about disaggregated revenue by sales channel and geographical region for the Company's single reportable segment:

(Dollars in millions)	Fiscal Years Ended		
	July 3, 2020	June 28, 2019	June 29, 2018
Revenues by Channel			
OEMs	\$ 7,504	\$ 7,261	\$ 7,863
Distributors	1,738	1,780	1,906
Retailers	1,267	1,349	1,415
Total	<u>\$ 10,509</u>	<u>\$ 10,390</u>	<u>\$ 11,184</u>
Revenues by Geography ⁽¹⁾			
Asia Pacific	\$ 5,060	\$ 5,115	\$ 5,482
Americas	3,583	3,310	3,719
EMEA	1,866	1,965	1,983
Total	<u>\$ 10,509</u>	<u>\$ 10,390</u>	<u>\$ 11,184</u>

⁽¹⁾ Revenue is attributed to countries based on bill from locations.

18. Subsequent Events

Dividend Declared

On July 22, 2020, the Company's Board of Directors declared a quarterly cash dividend of \$0.65 per share, which will be payable on October 7, 2020 to shareholders of record as of the close of business on September 23, 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Seagate Technology public limited company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Seagate Technology public limited company (plc) (the Company) as of July 3, 2020 and June 28, 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended July 3, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at July 3, 2020 and June 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended July 3, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 3, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 7, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition—Sales incentive program rebates and discounts

Description of the Matter

The Company sells its products to original equipment manufacturers, distributors and retailers (collectively, "customers"). As explained in Note 1 to the consolidated financial statements, the Company reduces revenue for estimated future reductions to the final selling prices for shipped products including sales incentive programs, such as price protection and volume incentives.

Auditing management's estimates of future reductions to the final selling prices is complex as it requires management to make subjective assumptions including the amount of price adjustments on products as well as the timing of its channel sales of products through to end customers.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the completeness of sales incentive programs, the accuracy and completeness of the underlying data used in the calculations and management's assumptions of the amount of future reductions to the final selling prices as well as the timing of its channel sales of products through to end customers.

To test the estimated sales incentive programs, our audit procedures included, among others, testing the completeness of sales incentive programs as well as the accuracy and completeness of the underlying data used in the calculations and evaluating the significant assumptions used by management to estimate its reserves related to remaining channel inventory. To test the completeness of the sales incentive programs, we inspected significant new sales contracts and agreements that include the contractual rights to discounts and rebates to validate they are being properly considered in the incentives reserve calculations and examined credit memos issued after year end. We also directly confirmed terms and conditions of agreements with a sample of the Company's customers as well as inquired of sales representatives and other members of management to assess whether all contractual terms were provided to the Finance Department. To test the underlying data used in the sales incentive program reserve calculations, we confirmed ending on hand inventory at a sample of distributors and retailers. To test management's assumptions of the amount of future reductions to the final selling prices as well as the timing of its distributors' sales of products through to end customers we inquired with operations management and compared estimates with industry and analysts' forecasts. In addition, we performed a retrospective review comparing prior period assumptions to the actual results in subsequent periods and performed sensitivity analyses to evaluate the potential effect of changes in the Company's significant assumptions.

Realizability of deferred income taxes

Description of the Matter

At July 3, 2020, the Company had gross deferred tax assets of \$1,566 million, partially offset by a valuation allowance of \$438 million. As discussed in Note 5 to the consolidated financial statements, the Company recognizes a valuation allowance to reduce the carrying value of its deferred tax assets to the amount that management believes is more likely than not to be realized.

Auditing the realizability of the deferred tax assets was complex as the assessment process includes forecasting future sources of taxable income and scheduling the use of the applicable deferred tax assets which includes subjective management assumptions, and the amounts involved are material to the financial statements as a whole.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement relating to the realizability of deferred tax assets. This included controls over management's determination of sources and amount of future taxable income including income from operations and scheduling of the future reversal of existing taxable temporary differences.

Among other audit procedures performed, we evaluated the assumptions used by the Company to develop projections of future taxable income by jurisdiction and tested the completeness and accuracy of the underlying data used in its projections. For example, we compared the projections of future taxable income with the actual results of prior periods, as well as management's consideration of current industry and economic trends. We also assessed the historical accuracy of management's projections and compared the projections of future taxable income with other forecasted financial information prepared by the Company. In addition, we tested the Company's scheduling of the reversal of existing temporary taxable differences.

Accrual for product warranties

Description of the Matter

At July 3, 2020, the Company's accrual for product warranties was \$151 million. As disclosed in Note 12 to the consolidated financial statements, the Company issues various types of product warranties under which the performance of products delivered is generally guaranteed for a specified contractual period.

Auditing the Company's product warranty accrual was complex as the calculation of the accrual for product warranties is based on estimates of product failure rates and changes in the estimates can materially affect the accrual recorded in the consolidated financial statements.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for recording product warranties, including controls over management's review of the estimated failure rates, estimated return rates, and completeness and accuracy of the underlying data used in the calculation.

To test the Company's accrual for product warranties, our audit procedures included, among other procedures, evaluating the reasonableness of the estimated failure rate and estimated return rates and testing the accuracy and completeness of the underlying data used in the calculations. We also performed retrospective reviews of the actual rates to the estimated product failure rates used by the Company and performed sensitivity analyses to evaluate the impact of changes to the warranty accrual based on changes in product failure rates. This included testing, on a sample basis, the historical product return and current period shipments data used in the warranty accrual calculation, and benchmarking to peer company data.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1980.
San Jose, California
August 7, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Seagate Technology public limited company

Opinion on Internal Control Over Financial Reporting

We have audited Seagate Technology public limited company (plc)'s internal control over financial reporting as of July 3, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Seagate Technology public limited company (plc) (the Company) maintained, in all material respects, effective internal control over financial reporting as of July 3, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of July 3, 2020 and June 28, 2019, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended July 3, 2020 and the related notes and our report dated August 7, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
San Jose, California
August 7, 2020

SUPPLEMENTARY FINANCIAL DATA (UNAUDITED)

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusions Regarding Disclosure Controls and Procedures

Our chief executive officer and our chief financial officer have concluded, based on the evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) by our management, with the participation of our chief executive officer and our chief financial officer, that our disclosure controls and procedures were effective as of July 3, 2020.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on our evaluation under the 2013 framework in *Internal Control—Integrated Framework*, our management has concluded that our internal control over financial reporting was effective as of July 3, 2020. The effectiveness of our internal control over financial reporting as of July 3, 2020 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, as stated in their report that is included herein.

Changes in Internal Control over Financial Reporting

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

Limitations on the Effectiveness of Controls

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Our disclosure controls and procedures and our internal controls have been designed to provide reasonable assurance of achieving their objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Seagate have been detected. An evaluation was performed under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of July 3, 2020. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

We have adopted a Code of Ethics that applies to the Chief Executive Officer, the Chief Financial Officer, and the principal accounting officer or controller or persons performing similar functions. This Code of Ethics is available on our Website. The Internet address for our Website is www.seagate.com, and the Code of Ethics may be found from our main Web page by clicking first on “Investors,” next on “Governance” and then on “Code of Ethics.”

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

The information regarding security ownership beneficial owners and management and related shareholders and equity compensation plans required by this Item 12 set forth in the sections entitled “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information,” respectively, in our Proxy Statement to be filed with the SEC within 120 days of the end of our fiscal year pursuant to General Instruction G(3) to Form 10-K is hereby incorporated by reference in this section.

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

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

	Page No.
Consolidated Balance Sheets	53
Consolidated Statements of Operations	54
Consolidated Statements of Comprehensive Income	55
Consolidated Statements of Cash Flows	56
Consolidated Statements of Shareholders' Equity	57
Notes to Consolidated Financial Statements	58
Reports of Independent Registered Public Accounting Firm	93

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

(b) *Exhibits.* The following exhibits, as required by Item 601 of Regulation S-K are attached or incorporated by reference as stated below.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
2.1	Scheme of Arrangement among Seagate Technology, Seagate Technology plc and the Scheme Shareholders (incorporated by reference to Annex A to Seagate Technology's Definitive Proxy Statement on Schedule 14A filed on March 5, 2010)	DEF 14A	001-31560	Annex A	3/5/2010	
3.1	Constitution of Seagate Technology Public Limited Company as amended and restated by Special Resolution dated October 19, 2016	8-K	001-31560	3.1	10/24/2016	
3.2	Certificate of Incorporation of Seagate Technology plc	10-K	001-31560	3.2	8/20/2010	
4.1	Description of Securities	10-K	001-31560	4.1	8/2/2019	
4.2	Specimen Ordinary Share Certificate	10-K	001-31560	4.1	8/20/2010	
4.3	Indenture for the 2023 Notes dated as of May 22, 2013, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and U.S. Bank National Association, as trustee	8-K	001-31560	4.1	5/22/2013	
4.4	Form of 4.75% Senior Note due 2023	8-K	001-31560	4.1	5/22/2013	
4.5	Registration Rights Agreement dated as of May 22, 2013, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC.	8-K	001-31560	4.3	5/22/2013	
4.6	Indenture for the 2025 Notes dated as of May 28, 2014, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor and U.S. Bank National Association, as trustee	8-K	001-31560	4.1	5/28/2014	
4.7	Form of 4.75% Senior Note due 2025	8-K	001-31560	4.1	5/28/2014	
4.8	Registration Rights Agreement dated as of May 28, 2014, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC.	8-K	001-31560	4.3	5/28/2014	
4.9	Indenture for the 2034 Notes dated as of December 2, 2014, among Seagate HDD Cayman, as issuer, Seagate Technology plc, as guarantor and U.S. Bank National Association, as trustee.	8-K	001-31560	4.1	12/2/2014	
4.10	Form of 5.75% Senior Note due 2034	8-K	001-31560	4.1	12/2/2014	
4.11	Registration Rights Agreement dated as of December 2, 2014, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC.	8-K	001-31560	4.3	12/2/2014	
4.12	Indenture for the 2022 Notes, dated as of February 3, 2017, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	4.1	2/3/2017	
4.13	Form of 4.250% Senior Note due 2022	8-K	001-31560	4.1	2/3/2017	
4.14	Indenture for the 2024 Notes, dated as of February 3, 2017, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	4.3	2/3/2017	
4.15	Form of 4.875% Senior Note due 2024	8-K	001-31560	4.3	2/3/2017	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
4.16	Registration Rights Agreement for the 2022 Notes, dated as of February 3, 2017, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC	8-K	001-31560	4.5	2/3/2017	
4.17	Registration Rights Agreement for the 2024 Notes, dated as of February 3, 2017, among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC	8-K	001-31560	4.6	2/3/2017	
4.18	Indenture for the 2027 Notes dated as of May 14, 2015, among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor, and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	4.1	5/14/2015	
4.19	Form of 4.875% Senior Note due 2027	8-K	001-31560	4.1	5/14/2015	
4.20	Registration Rights Agreement dated as of May 14, 2015 among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC	8-K	001-31560	4.3	5/14/2015	
4.21	Indenture for the 2031 Notes dated as of June 10, 2020 among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	4.1	6/10/2020	
4.22	Form of 4.125% Senior Note due 2031	8-K	001-31560	4.1	6/10/2020	
4.23	Registration Rights Agreement dated as of June 10, 2020 among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC and BofA Securities Inc.	8-K	001-31560	4.3	6/10/2020	
4.24	Indenture for the 2029 Notes dated as of June 18, 2020 among Seagate HDD Cayman, as Issuer, Seagate Technology plc, as Guarantor and Wells Fargo Bank, National Association, as trustee	8-K	001-31560	4.1	6/18/2020	
4.25	Form of 4.091% Senior Note due 2029	8-K	001-31560	4.1	6/18/2020	
4.26	Registration Rights Agreement dated as of June 18, 2020 among Seagate HDD Cayman, Seagate Technology plc and Morgan Stanley & Co. LLC and BofA Securities Inc.	8-K	001-31560	4.3	6/18/2020	
10.1+	Amended Seagate Technology plc 2001 Share Option Plan	10-K	001-31560	10.2	8/20/2010	
10.2+	Seagate Technology plc 2001 Share Option Plan Form of Notice of Stock Option Grant and Option Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.3	8/20/2010	
10.3+	Amended Seagate Technology plc 2004 Share Compensation Plan	10-K	001-31560	10.6	8/20/2010	
10.4+	Seagate Technology 2004 Stock Compensation Plan Form of Option Agreement (For Outside Directors)	10-Q	001-31560	10.7	11/4/2009	
10.5+	Seagate Technology plc 2004 Share Compensation Plan Form of Notice of Stock Option Grant and Option Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.13	8/20/2010	
10.6+	Seagate Technology plc 2004 Share Compensation Plan Form of Notice of Performance Share Bonus Grant and Agreement (includes Compensation Recovery Policy)	10-K	001-31560	10.16	8/20/2010	

Exhibit No.	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
10.7+	Seagate Technology plc 2004 Share Compensation Plan Form of Restricted Share Unit Agreement (includes Compensation Recovery Policy)	10-Q	001-31560	10.19	11/3/2010	
10.8+	Seagate Technology plc 2004 Share Compensation Plan Form of Executive Performance Unit Agreement	10-Q	001-31560	10.56	10/27/2011	
10.9+	Amended and Restated Seagate Technology plc 2012 Equity Incentive Plan as amended and restated on October 19, 2016.	10-Q	001-31560	10.4	10/27/2017	
10.10+	Form of Outside Directors Restricted Share Unit Agreement for Seagate Technology Public Limited Company pursuant to the 2012 Equity Incentive Plan	10-Q	001-31560	10.4	1/26/2017	
10.11+	Form of Executive Performance Unit Agreement for Seagate Technology Public Limited Company pursuant to the 2012 Equity Incentive Plan	10-Q	001-31560	10.3	1/26/2017	
10.12+	Form of Employee Restricted Share Unit Agreement for Seagate Technology Public Limited Company pursuant to the 2012 Equity Incentive Plan	10-Q	001-31560	10.2	1/26/2017	
10.13+	Form of Employee Stock Option Agreement for Seagate Technology Public Limited Company pursuant to the 2012 Equity Incentive Plan	10-Q	001-31560	10.1	1/26/2017	
10.14+	Seagate Technology plc Amended and Restated Employee Stock Purchase Plan	8-K	001-31560	10.1	10/18/2017	
10.15+	Dot Hill Systems Corp. 2009 Equity Incentive Plan, as amended, as assumed by Seagate Technology Public Limited Company	10-Q	001-31560	10.1	1/29/2016	
10.16+	2015 Seagate Deferred Compensation Plan	10-Q	001-31560	10.3	1/30/2015	
10.16(a)+	First Amendment to the 2015 Seagate Deferred Compensation Plan	10-Q	001-31560	10.1	10/30/2015	
10.16(b)+	Second Amendment to the 2015 Seagate Deferred Compensation Plan	10-K	001-31560	10.16(b)	8/2/2019	
10.16(c)+	Third Amendment to the 2015 Seagate Deferred Compensation Plan	10-Q	001-31560	10.6	2/4/2019	
10.16(d)+	Fourth Amendment to the 2015 Seagate Deferred Compensation Plan	10-Q	001-31560	10.1	2/5/2020	
10.17+	Seagate 2009 Deferred Compensation Plan	10-K	001-31560	10.17	8/2/2019	
10.17(a)+	First Amendment to 2009 Seagate Deferred Compensation Plan	10-Q	001-31560	10.26	5/5/2010	
10.17(b)+	Second Amendment to 2009 Seagate Deferred Compensation Plan	10-Q	001-31560	10.21	5/3/2011	
10.17(c)+	Third Amendment to 2009 Seagate Deferred Compensation Plan	10-Q/A	001-31560	10.56	1/31/2013	
10.17(d)+	Fourth Amendment to 2009 Seagate Deferred Compensation Plan	10-Q	001-31560	10.4	1/30/2015	
10.17(e)+	Fifth Amendment to 2009 Seagate Deferred Compensation Plan	10-Q	001-31560	10.7	2/4/2019	
10.17(f)+	Sixth Amendment to 2009 Seagate Deferred Compensation Plan					X

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.18+	2010 Restated Seagate Deferred Compensation Plan	10-Q	001-31560	10.27	4/30/2012	
10.18(a)+	First Amendment to the 2010 Restated Seagate Deferred Compensation Plan	10-Q	001-31560	10.4	2/4/2019	
10.18(b)+	Second Amendment to the 2010 Restated Seagate Deferred Compensation Plan					X
10.19+	Seagate Deferred Compensation Sub-Plan	10-Q	001-31560	10.28	5/5/2010	
10.19(a)+	First Amendment to the Seagate Deferred Compensation Sub-Plan	10-Q	001-31560	10.5	2/4/2019	
10.19(b)+	Second Amendment to the Seagate Deferred Compensation Sub-Plan					X
10.20+	Seagate Technology plc Amended and Restated Executive Officer Performance Bonus Plan	8-K	001-31560	10.1	11/4/2013	
10.21+	Fifth Amended and Restated Seagate Technology Executive Severance and Change in Control Plan	10-K	001-31560	10.1	8/8/2014	
10.22+	Summary description of Seagate Technology plc's Compensation Policy for Non-Management Members of the Board of Directors with an Effective date of October 30, 2013	10-K	001-31560	10.46	8/8/2013	
10.23+	Offer Letter, dated as of January 29, 2009, by and between Seagate Technology and Stephen J. Luczo	10-Q	001-31560	10.20	2/10/2009	
10.24	Form of Revised Indemnification Agreement between Seagate Technology and the director or officer named therein	10-Q	001-31560	1 10.4(b)	5/6/2009	
10.25	Deed Poll of Assumption by Seagate Technology plc, dated July 2, 2010	8-K	001-31560	10.2	7/6/2010	
10.26	September 26, 2017 Equity Commitment Letter entered into by Seagate Technology plc and a consortium of investors led by Bain Capital Private Equity for the acquisition of Toshiba Memory Corporation	10-Q	001-31560	10.3	10/27/2017	
10.27+	Offer letter, dated July 25, 2017, by and between Seagate Technology and Steven J. Luczo	10-K	001-31560	10.52	8/3/2018	
10.28+	Letter Agreement, dated November 1, 2018 by and between Seagate Technology plc and Steven Luczo	10-Q	001-31560	10.1	11/2/2018	
10.29+	Offer Letter, dated December 3, 2018 by and between Seagate US LLC and Gianluca Romano	10-Q	001-31560	10.3	2/4/2019	
10.30	Credit Agreement, dated as of February 20, 2019, by and among Seagate Technology public limited company, Seagate HDD Cayman, as the Borrower, the Lenders party thereto, The Bank of Nova Scotia, as Administrative Agent, Bank of America, N.A., BNP Paribas Securities Corp. and Morgan Stanley Senior Funding, Inc., as Syndication Agents, and MUFG Bank, Ltd. and Wells Fargo Bank, National Association, as Documentation Agents	10-Q	001-35160	10.1	4/30/2019	

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.31	U.S. Guarantee Agreement, dated as of February 20, 2019, among Seagate Technology public limited company and the subsidiaries party thereto, as Guarantors, and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.2	4/30/2019	
10.32	Indemnity, Subrogation and Contribution Agreement, dated as of February 20, 2019, among Seagate Technology public limited company, Seagate HDD Cayman, as the Borrower, the subsidiaries party thereto, as Guarantors, party thereto, and The Bank of Nova Scotia, as Administrative Agent	10-Q	001-31560	10.3	4/30/2019	
10.33(a)	First Amendment, dated as of May 28, 2019, to the Credit Agreement dated as of February 20, 2019	10-Q	001-31560	10.1	11/1/2019	
10.33(b)	Second Amendment and Joinder Agreement, dated as of September 16, 2019, to the Credit Agreement dated as of February 20, 2019	10-Q	001-31560	10.2	11/1/2019	
10.34+	Amendment and Restated Seagate Technology plc Equity Incentive Plan amended and restarted as of October 29, 2019	8-K	001-31560	10.1	11/4/2019	
10.35+	Revised Form of Executive Performance Unit Agreement for Seagate Technology public limited company pursuant to the 2012 Equity Incentive Plan (for awards granted after January 2020)					X
10.36+	Revised Form of Employee Restricted Share Unit Agreement for Seagate Technology public limited company pursuant to the 2012 Equity Incentive Plan (for awards granted after January 2020)					X
10.37+	Revised Form of Employee Stock Option Agreement for Seagate Technology public limited company pursuant to the 2012 Equity Incentive Plan (for awards granted after January 2020)					X
10.38+	Revised Form of Outside Directors Restricted Share Unit agreement for Seagate Technology plc pursuant to pursuant to the 2012 Equity Incentive Plan (for awards granted after August 2020)					X
21.1	List of Subsidiaries					X
23.1	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (see signature page to this annual report)					X
31.1	Certification of the Chief Executive Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
32.1†	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document.					
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					
104	Inline XBRL Cover Page contained in Exhibit 101					

+ Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY

/s/ DR. WILLIAM D. MOSLEY

Date: August 7, 2020

(Dr. William D. Mosley, Chief Executive Officer and Director)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Dr. William D. Mosley, Gianluca Romano, and Katherine E. Schuelke, and each of them, as his/her true and lawful attorneys-in-fact and agents, with power to act with or without the others and with full power of substitution and resubstitution, to do any and all acts and things and to execute any and all instruments which said attorneys and agents and each of them may deem necessary or desirable to enable the registrant to comply with the U.S. Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission thereunder in connection with the registrant's Annual Report on Form 10-K for the fiscal year ended July 3, 2020 (the "Annual Report"), including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of the registrant and the name of the undersigned, individually and in his/her capacity as a director or officer of the registrant, to the Annual Report as filed with the U.S. Securities and Exchange Commission, to any and all amendments thereto, and to any and all instruments or documents filed as part thereof or in connection therewith; and each of the undersigned hereby ratifies and confirms all that said attorneys and agents and each of them shall do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ DR. WILLIAM D. MOSLEY (Dr. William D. Mosley)	Chief Executive Officer and Director (Principal Executive Officer)	August 7, 2020
/s/ GIANLUCA ROMANO (Gianluca Romano)	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 7, 2020
/s/ MICHAEL R. CANNON (Michael R. Cannon)	Chairperson of the Board	August 7, 2020
/s/ MARK W. ADAMS (Mark W. Adams)	Director	August 7, 2020
/s/ JUDY BRUNER (Judy Bruner)	Director	August 7, 2020
/s/ WILLIAM T. COLEMAN III (William T. Coleman III)	Director	August 7, 2020
/s/ JAY L. GELDMACHER (Jay L. Geldmacher)	Director	August 7, 2020
/s/ DYLAN HAGGART (Dylan Haggart)	Director	August 7, 2020
/s/ STEPHEN J. LUCZO (Stephen J. Luczo)	Director	August 7, 2020
/s/ STEPHANIE TILENIUS (Stephanie Tilenius)	Director	August 7, 2020
/s/ EDWARD J. ZANDER (Edward J. Zander)	Director	August 7, 2020

SIXTH AMENDMENT

SEAGATE DEFERRED COMPENSATION PLAN

The Seagate Deferred Compensation Plan, as amended and restated as of January 1, 2009 (the “Plan”), is hereby amended by this Sixth Amendment (the “Amendment”).

WHEREAS, for purposes of this Amendment, capitalized terms used herein that are not defined shall have the meanings given to them in the Plan;

WHEREAS, Seagate US LLC (the “Company”) maintains the Plan, which is a nonqualified deferred compensation plan, for the benefit of eligible employees of the Company and Participating Companies;

WHEREAS, Section 9.4 of the Plan document provides that the Seagate Benefits Administrative Committee (the “Committee”) has the authority to adopt and execute any amendments to the Plan; and

WHEREAS, pursuant to authority granted to the Committee under Section 9.4, the Committee has determined that it is appropriate to amend the Plan to eliminate the requirement that the Company and each Participating Company must make quarterly contributions to the Trust Fund.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment, as set forth in the attached Exhibit A, is hereby approved and adopted effective as specified in Exhibit A.

Exhibit A

SIXTH AMENDMENT

SEAGATE DEFERRED COMPENSATION PLAN

The Seagate Deferred Compensation Plan, as amended and restated as of January 1, 2009 (the “Plan”), is hereby amended as follows:

1. Effective July 31, 2020, Section 6.2 of the Plan is hereby deleted and the remaining subsections of Article VI are renumbered accordingly.
2. In all respects not amended, the Plan is hereby ratified and confirmed.

IN WITNESS WHEREOF, the Seagate Benefits Administrative Committee, by its duly authorized delegate, has executed this Amendment to the Plan on July 30, 2020.

/s/ Janet Farabaugh

By: Janet Farabaugh
Title: Senior Director, Global Benefits

SECOND AMENDMENT

SEAGATE DEFERRED COMPENSATION PLAN

The Seagate Deferred Compensation Plan, as amended and restated as of January 1, 2010 (the “Plan”), is hereby amended by this Second Amendment (the “Amendment”).

WHEREAS, for purposes of this Amendment, capitalized terms used herein that are not defined shall have the meanings given to them in the Plan;

WHEREAS, Seagate US LLC (the “Company”) maintains the Plan, which is a nonqualified deferred compensation plan, for the benefit of eligible employees of the Company and Participating Companies;

WHEREAS, Section 10.4 of the Plan document provides that the Seagate Benefits Administrative Committee (the “Committee”) has the authority to adopt and execute any amendments to the Plan; and

WHEREAS, pursuant to authority granted to the Committee under Section 10.4, the Committee has determined that it is appropriate to amend the Plan to eliminate the requirement that the Company and each Participating Company must make quarterly contributions to the Trust Fund.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment, as set forth in the attached Exhibit A, is hereby approved and adopted effective as specified in Exhibit A.

Exhibit A

SECOND AMENDMENT

SEAGATE DEFERRED COMPENSATION PLAN

The Seagate Deferred Compensation Plan, as amended and restated as of January 1, 2010 (the “Plan”), is hereby amended as follows:

1. Effective July 31, 2020, Section 6.2 of the Plan is hereby deleted and the remaining subsections of Article VI are renumbered accordingly.
2. In all respects not amended, the Plan is hereby ratified and confirmed.

IN WITNESS WHEREOF, the Seagate Benefits Administrative Committee, by its duly authorized delegate, has executed this Amendment to the Plan on July 30, 2020.

By: /s/ Janet Farabaugh
Janet Farabaugh
Title: Senior Director, Global Benefits

SECOND AMENDMENT

SEAGATE DEFERRED COMPENSATION SUB-PLAN

The Seagate Deferred Compensation Sub-Plan, as amended and restated as of January 1, 2010 (the “Plan”), is hereby amended by this Second Amendment (the “Amendment”).

WHEREAS, for purposes of this Amendment, capitalized terms used herein that are not defined shall have the meanings given to them in the Plan;

WHEREAS, Seagate US LLC (the “Company”) maintains the Plan, which is a nonqualified deferred compensation plan, for the benefit of eligible employees of the Company and Participating Companies;

WHEREAS, Section 10.4 of the Plan document provides that the Seagate Benefits Administrative Committee (the “Committee”) has the authority to adopt and execute any amendments to the Plan; and

WHEREAS, pursuant to authority granted to the Committee under Section 10.4, the Committee has determined that it is appropriate to amend the Plan to eliminate the requirement that the Company and each Participating Company must make quarterly contributions to the Trust Fund.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment, as set forth in the attached Exhibit A, is hereby approved and adopted effective as specified in Exhibit A.

Exhibit A

SECOND AMENDMENT

SEAGATE DEFERRED COMPENSATION SUB-PLAN

The Seagate Deferred Compensation Sub-Plan, as amended and restated as of January 1, 2010 (the “Plan”), is hereby amended as follows:

1. Effective July 31, 2020, Section 6.2 of the Plan is hereby deleted and the remaining subsections of Article VI are renumbered accordingly.
2. In all respects not amended, the Plan is hereby ratified and confirmed.

IN WITNESS WHEREOF, the Seagate Benefits Administrative Committee, by its duly authorized delegate, has executed this Amendment to the Plan on July 30, 2020.

By: /s/ Janet Farabaugh
Janet Farabaugh
Title: Senior Director, Global Benefits

**Seagate Technology public limited company
2012 Equity Incentive Plan
Executive Performance Unit Agreement**

1. Grant of Performance Units. Seagate Technology public limited company, a public company incorporated under the laws of the Republic of Ireland with limited liability (the “Company”), hereby grants to you (the Participant named in Section 2 below) the number of Performance Units set forth in Section 2 below subject to the terms and conditions of the Seagate Technology public limited company 2012 Equity Incentive Plan, as may be amended from time to time and including any exhibits thereto (the “Plan”) and this Performance Unit Agreement, including any exhibits hereto (the “Agreement”) (collectively, the “Award”). In the event of a conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall govern. Unless otherwise defined in this Agreement, any capitalized term used in this Agreement shall have the meaning assigned to such term in the Plan.

2. Award Terms. Subject to further detail included in this Agreement, the key terms related to the Award are as follows:

- (a) Participant.
- (b) Global ID Number.
- (c) Date of Grant.
- (d) Grant Number.
- (e) Vesting Commencement Date.
- (f) Number of Performance Units.
- (g) Vesting Schedule. As set forth in Schedule A attached hereto.

3. Vesting and Settlement.

(a) *Subject to the limitations contained herein, the Performance Units will vest as provided in Schedule A attached hereto*

(b) *Upon the vesting of any Performance Units, as promptly as is reasonably practicable (but in any event no later than March 15 of the calendar year following the calendar year of vesting), Shares (which shall be fully paid up) shall be issued to you, and the Company shall deliver to you appropriate documentation evidencing the number of Shares issued in settlement of such vested Performance Units. However, the settlement of the Performance Units shall be conditioned upon your making adequate provision for Tax-Related Items, as discussed in Section 7 below.*

4. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from such registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon vesting of the Performance Units prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, or prior to the obtaining of any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable.

5. Shareholder Rights. You shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of the Shares subject to the Performance Units unless and until such Shares have been issued by the Company to you. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article 12 of the Plan.

6. Transferability. The Performance Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

7. Responsibility for Taxes.

(a) *Regardless of any action the Company, any of its Affiliates or the Participant's employer (the "Employer") take with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Affiliate, if any. You further acknowledge that the Company and/or the Affiliate (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Performance Units, the issuance of Shares, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.*

(b) *Subject to Sections 7(c) and (d) below, your acceptance of this Agreement constitutes your instruction and authorization to your brokerage firm (or, in the absence of a designated brokerage firm, any brokerage firm determined acceptable to the Company for such purpose) to sell on your behalf the number of whole Shares from those Shares issuable to you upon settlement of the Performance Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy any applicable withholding obligation for Tax-Related Items. Such Shares will be sold on the day the Tax-Related Items are determined or as soon thereafter as practicable. You will be responsible for all brokers' fees and other costs of sale, which fees and costs may be deducted from the proceeds of the foregoing sale of Shares, and you agree to indemnify and hold the Company and any brokerage firm selling such Shares harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed your Tax-Related Items, such excess cash will be deposited into the securities account established with the brokerage firm for the settlement of your Performance Units. You acknowledge that the broker or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your Tax-Related Items.*

(c) *At any time before any taxable or tax withholding event, the Committee may, in its sole discretion, determine that the Company or the Affiliate will satisfy any tax withholding obligation with respect to the Tax-Related Items by withholding Shares to be issued upon vesting of the Performance Units. To the extent the Committee makes such a determination, you hereby authorize the Company to withhold Shares otherwise issuable upon vesting of the Performance Units having a Fair Market Value on the date of vesting equal to the amount sufficient to satisfy the Tax-Related Items.*

(d) *In the event that, in the reasonable determination of the Company and/or its Affiliate, such tax withholding by the sale or withholding of Shares as described in Sections 7(b) and (c) above is problematic under applicable tax or securities law or has materially adverse accounting consequences, you authorize the Company and/or the Affiliate to satisfy any applicable withholding obligation for Tax-Related Items by withholding from your wages or other cash compensation paid to you by the Company and/or the Affiliate, within legal limits, or by requiring you to tender a cash payment to the Company or the Affiliate in the amount of the Tax-Related Items.*

(e) *Depending on the withholding method, the Company or an Affiliate may, if necessary, withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including up to maximum applicable rates, in which case I may receive a refund of any over-withheld amount and will have no entitlement to the equivalent in Shares. If the obligation for the Tax-Related Items is satisfied by withholding in Shares as described in Section 7(c) above, for tax purposes, you will be deemed to have been issued the full number of Shares subject to the Performance Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of your participation in the Plan.*

(f) *Finally, you agree to pay the Company or the Affiliate any amount of Tax-Related Items that the Company or the Affiliate may be required to withhold as a result of your participation in the Plan or the vesting and settlement of the Performance Units that cannot be satisfied by the means previously described. The Company or the Affiliate may refuse to issue or deliver the Shares or the proceeds of the sale of Shares unless and until you have complied with your obligations related to the Tax-Related Items described in this Section 7.*

8. Nature of the Award. In accepting the Award, you acknowledge, understand and agree that:

(a) *the Plan is established voluntarily by the Company, it is discretionary in nature and it may be amended, suspended or terminated by the Company at any time;*

- (b) *the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been awarded repeatedly in the past;*
- (c) *all decisions with respect to future Performance Unit awards, if any, will be at the sole discretion of the Company;*
- (d) *you are voluntarily participating in the Plan;*
- (e) *your participation in the Plan will not create a right to employment and shall not interfere with the ability of the Company or any Affiliate to terminate your Continuous Service at any time;*
- (f) *the Award and any Shares subject to the Award, and the income and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Affiliate, and which is outside the scope of your employment or service contract or consulting arrangement, if any;*
- (g) *the Award and any Shares subject to the Award, and the income and value of the same, are not intended to replace any pension rights or compensation;*
- (h) *the Award and any Shares subject to the Award are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, or any Affiliate;*
- (i) *the Award will not be interpreted to form or amend an employment or service contract or relationship with the Company or any Affiliate;*
- (j) *the future value of the underlying Shares is unknown and cannot be predicted with certainty;*
- (k) *no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of your Continuous Service (regardless of the reason for the termination and whether or not the termination is in breach of any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits, and whether or not such termination is later found to be invalid);*
- (l) *neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Award or of any amounts due to you pursuant to the issuance of Shares upon settlement of this Award or the subsequent sale of such Shares;*
- (m) *unless otherwise agreed with the Company, the Award and the Shares subject to the Award, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate of the Company; and*
- (n) *for purposes of the Award, your Continuous Service will be considered terminated as of the date you are no longer actively employed by and/or providing services to the Company or an Affiliate, as applicable; your right, if any, to vest in the Performance Units under the Plan after termination of Continuous Service (regardless of whether the termination is in breach of any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits, and whether or not such termination is later found to be invalid) will be measured by the date you cease to be actively employed and/or actively providing services and will not be extended by any notice period mandated under any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits (e.g., active employment would not include a period of "garden leave" or similar period); the Committee, in its sole discretion, shall determine when you are no longer actively employed for purposes of the Award (including whether you may still be considered actively employed while on a leave of absence).*

9. **No Advice Regarding Grant.** The Company and its Affiliates are not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. Data Privacy.

(a) You are hereby notified of the collection, use and transfer outside of the European Economic Area, in electronic or other form, of your Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing your participation in the Plan.

(b) You understand that the Company and its Affiliates hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan.

(c) You understand that providing the Company with this Data is necessary for the performance of this Agreement and that your refusal to provide the Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Your Data shall be accessible within the Company only by the persons specifically charged with Data processing operations and by the persons that need to access the Data because of their duties and position in relation to the performance of this Agreement.

(d) The Company will use your Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your Data, it will remove it from its systems. If the Company keeps Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations. You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing, (v) portability of Data, (vi) to lodge complaints with competent authorities in your country, and/or (vii) a list with the names and addresses of any potential recipients of your Data. To receive clarification regarding your rights or to exercise your rights please contact the Company at Attn: Data Protection Officer, data.protection.officer@seagate.com.

(e) Further, you understand that the Company will transfer Data to E*TRADE Corporate Financial Services, Inc. and E*TRADE Securities LLC (collectively, "E*TRADE"), and/or such other third parties as may be selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the ability to participate in the Plan.

(f) E*TRADE is based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. If you are outside of the United States, you should note that your country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, you agree to the transfer of your Data to E*TRADE for the exclusive purpose of administering your participation in the Plan. The Company's legal basis, where required, for the transfer of Data to E*TRADE is your consent.

(g) Finally, you may choose to opt out of allowing the Company to share your Data with E*TRADE and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to you. For questions about this choice or to make this choice, you should contact Equity Administration at stockadmin@seagate.com.

11. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request that you consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

12. Notices. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Any such notices from the Company to you may also be delivered to you through the Company's electronic mail system (during your Continuous Service) or at the last email address you provided to the Company (after termination of your Continuous Service).

13. Choice of Law and Venue. The Award is governed by, and subject to, the laws of the State of California, without regard to such state's conflicts of law rules, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

14. Country-Specific Provisions. The Award shall be subject to any special provisions set forth in Exhibit A for your country, if any. If you relocate to one of the countries included in Exhibit A during the life of the Award or while holding Shares acquired upon vesting of the Performance Units, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or facilitate the administration of the Plan. Exhibit A constitutes part of this Agreement.

15. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Award and the Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on you or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell, or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of the Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdictions of your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You are responsible for ensuring compliance with any applicable restrictions and are instructed to speak with your personal legal advisor on this matter.

17. Foreign Asset/Account Reporting; Exchange Controls. Without limitation to any specific information stated in Exhibit A, you acknowledge that your country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect your ability to purchase or hold Shares subject to the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside my country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You further acknowledge that it is your responsibility to be compliant with such regulations, and that you should consult your personal legal advisor for any details.

18. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

19. Recoupment.

(a) Compensation Recovery for Fraud and Misconduct Policy. You hereby acknowledge and agree that to the extent you are or become subject to the Seagate Technology public limited company Compensation Recovery for Fraud and Misconduct Policy, as amended from time to time (the "Compensation Recovery Policy"), the terms and conditions of the Policy are hereby incorporated by reference into this Agreement and shall apply to (a) the Award, (b) each outstanding share award granted or issued to you (pursuant to which Shares may be issued or payments deriving their value from the Shares may be made), and (c) the gain received in connection with the vesting, exercise and/or issuance of any share award (i.e., the market value of the Shares on the vesting, exercise and/or issuance date, as applicable, less (i) any price paid for the Shares and (ii) any Tax-Related Items withheld from or paid by you in connection with the vesting, exercise and/or issuance of the share award), in each case without regard to whether such award was granted or issued under a share plan of the Company, a predecessor to the Company or a company acquired by the Company or outside a share plan; provided, however, that such award was granted or such gain was received within the three years prior to the Date of Grant; and provided, further, that no share award granted prior to January 29, 2009 shall be subject to the terms of the Compensation Recovery Policy. A copy of the current version of the Compensation Recovery Policy is attached to this Agreement as Exhibit B.

(b) Other Required Recoupments. Without derogating from the terms of Section 19(a) hereof, as an additional condition of receiving the Award, you agree that the Award and any benefits or proceeds you may receive hereunder shall be subject to

forfeiture and/or repayment to the Company to the extent required (i) under the terms of any other recoupment or "clawback" policy adopted by the Company, as may be amended from time to time (and such requirements shall be deemed incorporated into this Agreement without your consent), or (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if you receive any amount in excess of what you should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or administrative error), all as determined by the Committee, then you shall be required to promptly repay any such excess amount to the Company.

(c) **Execution of Recoupment.** You hereby irrevocably appoint the Company as your true and lawful attorney for the purpose of undertaking all actions and executing all deeds and documentation that may be required to be executed to enforce the recovery of compensation pursuant to the Compensation Recovery Policy under Section 19(a) hereof or pursuant to any other required recoupment under Section 19(b)

20. **Amendments.** The Committee at any time, and from time to time, may amend the terms of the Award; provided, however, that the rights under any Award shall not be materially impaired by any such amendment unless (a) the Company requests your consent and (b) you consent in writing.

21. **Language.** If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

23. **Acknowledgements.** By indicating acceptance of the Award through the Company's online acceptance procedure, you acknowledge that: (a) you have received, and understand and agree to the terms of, this Agreement and the Plan (including any exhibits to each document), (b) you accept the Award on the terms and conditions set forth in this Agreement and the Plan (including any exhibits to each document), and (c) this Agreement and the Plan (including any exhibits to each document) set forth the entire understanding between you and the Company regarding the rights to acquire the Shares subject to this Award and supersede all prior oral and written agreements with respect thereto.

**Seagate Technology public limited company
2012 Equity Incentive Plan
Restricted Share Unit Agreement**

1. Grant of Restricted Share Units. Seagate Technology public limited company, a public company incorporated under the laws of the Republic of Ireland with limited liability (the “Company”), hereby grants to you (the Participant named in Section 2 below) the number of Restricted Share Units set forth in Section 2 below subject to the terms and conditions of the Seagate Technology public limited company 2012 Equity Incentive Plan, as may be amended from time to time and including any exhibits thereto (the “Plan”) and this Restricted Share Unit Agreement, including any exhibits hereto (the “Agreement”) (collectively, the “Award”). In the event of a conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall govern. Unless otherwise defined in this Agreement, any capitalized term used in this Agreement shall have the meaning assigned to such term in the Plan.

2. Award Terms. Subject to further detail included in this Agreement, the key terms related to the Award are as follows:

- (a) Participant.
- (b) Global ID Number.
- (c) Date of Grant.
- (d) Grant Number.
- (e) Vesting Commencement Date.
- (f) Number of Restricted Share Units.

(g) Vesting Schedule. Subject to your Continuous Service with the Company or one of its Affiliates, 25% of the Restricted Share Units shall vest each year on the first four anniversaries of the Vesting Commencement Date, subject to the vesting conditions described in Section 3 below. If, on any vesting date, this Vesting Schedule would result in the vesting of a fraction of a Share, such fraction shall be rounded down to the nearest whole Share.

3. Vesting and Settlement.

(a) Subject to Sections 3(b), 3(c) and 3(d) below, the Restricted Share Units will vest as provided in Section 2 above.

(b) In the event of your termination of Continuous Service on account of your death, you shall be deemed to have completed an additional year of service as of the date of such termination.

(c) Subject to the terms of the Seagate Technology Executive Severance and Change in Control Plan, as amended from time to time, or other similar plan (the “Severance Plan”), in the event of your termination of Continuous Service for any reason, you shall forfeit any and all Restricted Share Units that have not vested as of the date of such termination, as further described in Section 8(n) below.

(d) The Committee may, in its sole discretion, suspend vesting of the Restricted Share Units if you are on a leave of absence.

(e) Upon the vesting of any Restricted Share Units, as promptly as is reasonably practicable (but in any event no later than March 15 of the calendar year following the calendar year of vesting), Shares (which shall be fully paid up) shall be issued to you, and the Company shall deliver to you appropriate documentation evidencing the number of Shares issued in settlement of such vested Restricted Share Units.

However, the settlement of the Restricted Share Units shall be conditioned upon your making adequate provision for Tax-Related Items, as discussed in Section 7 below.

4. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from such registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon vesting of the Restricted Share Units prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, or prior to the obtaining of any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable.

5. Shareholder Rights. You shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of the Shares subject to the Restricted Share Units unless and until such Shares have been issued by the Company to you. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article 12 of the Plan.

6. Transferability. The Restricted Share Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

7. Responsibility for Taxes.

(a) Regardless of any action the Company, any of its Affiliates or the Participant's employer (the "Employer") take with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Affiliate. You further acknowledge that the Company and/or the Affiliate (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Subject to Sections 7(c) and (d) below, your acceptance of this Agreement constitutes your instruction and authorization to your brokerage firm (or, in the absence of a designated brokerage firm, any brokerage firm determined acceptable to the Company for such purpose) to sell on your behalf the number of whole Shares from those Shares issuable to you upon settlement of the Restricted Share Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy any applicable withholding obligation for Tax-Related Items. Such Shares will be sold on the day the Tax-Related Items are determined or as soon thereafter as practicable. You will be responsible for all brokers' fees and other costs of sale, which fees and costs may be deducted from the proceeds of the foregoing sale of Shares, and you agree to indemnify and hold the Company and any brokerage firm selling such Shares harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed your Tax-Related Items, such excess cash will be deposited into the securities account established with the brokerage firm for the settlement of your Restricted Share Units. You acknowledge that the broker or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your Tax-Related Items.

(c) At any time before any taxable or tax withholding event, the Committee may, in its sole discretion, determine that the Company or the Affiliate will satisfy any tax withholding obligation with respect to the Tax-Related Items by withholding Shares to be issued upon vesting of the Restricted Share Units. To the extent the Committee makes such a determination, you hereby authorize the Company to withhold Shares otherwise issuable upon vesting of the Restricted Share Units having a Fair Market Value on the date of vesting equal to the amount sufficient to satisfy the Tax-Related Items.

(d) In the event that, in the reasonable determination of the Company and/or its Affiliate, such tax withholding by the sale or withholding of Shares as described in Sections 7(b) and (c) above is problematic under applicable tax or securities law or has materially adverse accounting consequences, you authorize the Company and/or the Affiliate to satisfy any applicable withholding obligation for Tax-Related Items by withholding from your wages or other cash compensation paid to you by the Company and/or the Affiliate, within legal limits, or by requiring you to tender a cash payment to the Company or the Affiliate in the amount of the Tax-Related Items.

(e) Depending on the withholding method, the Company or an Affiliate may, if necessary, withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including up to maximum applicable rates, in which case you may receive a refund of any over-withheld amount and will have no entitlement to the equivalent in Shares. If the obligation for the Tax-Related Items is satisfied by withholding in Shares as described in Section 7(c) above, for tax purposes, you will be deemed to have been issued the full number of Shares subject to the Restricted Share Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of your participation in the Plan.

(f) Finally, you agree to pay the Company or the Affiliate any amount of Tax-Related Items that the Company or the Affiliate may be required to withhold as a result of your participation in the Plan or the vesting and settlement of the Restricted Share Units that cannot be satisfied by the means previously described. The Company or the Affiliate may refuse to issue or deliver the Shares or the proceeds of the sale of Shares unless and until you have complied with your obligations related to the Tax-Related Items described in this Section 7.

8. Nature of the Award. In accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be amended, suspended or terminated by the Company at any time;

(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been awarded repeatedly in the past;

(c) all decisions with respect to future Restricted Share Unit awards, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) your participation in the Plan will not create a right to employment and shall not interfere with the ability of the Company or any Affiliate to terminate your Continuous Service at any time;

(f) the Award and any Shares subject to the Award, and the income and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Affiliate, and which is outside the scope of your employment or service contract, or consulting arrangement, if any;

(g) the Award and any Shares subject to the Award, and the income and value of the same, are not intended to replace any pension rights or compensation;

(h) the Award and any Shares subject to the Award are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Affiliate;

(i) the Award will not be interpreted to form or amend an employment or service contract or relationship with the Company or any Affiliate;

(j) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of your Continuous Service (regardless of the reason for the termination and whether or not the termination is in breach of any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits, and whether or not such termination is later found to be invalid);

(l) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Award or of any amounts due to you pursuant to the issuance of Shares upon settlement of this Award or the subsequent sale of such Shares;

(m) unless otherwise agreed with the Company, the Award and the Shares subject to the Award, and the income and value of the same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate of the Company; and

(n) for purposes of the Award, your Continuous Service will be considered terminated as of the date you are no longer actively employed by and/or providing services to the Company or an Affiliate, as applicable; your right, if any, to vest in the Restricted Share Units under the Plan after termination of Continuous Service (regardless of whether the termination is in breach of any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits, and whether or not such termination is later found to be invalid) will be measured by the date you cease to be actively employed and/or actively providing services and will not be extended by any notice period mandated under any employment law in the country where you reside, even if such law is otherwise applicable to your employment benefits (e.g., active employment would not include a period of “garden leave” or similar period); the Committee, in its sole discretion, shall determine when you are no longer actively employed for purposes of the Award (including whether you may still be considered actively employed while on a leave of absence).

9. No Advice Regarding Grant. The Company and its Affiliates are not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. Data Privacy.

(a) *You are hereby notified of the collection, use and transfer outside of the European Economic Area, in electronic or other form, of your Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and its Affiliates hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.*

(c) *You understand that providing the Company with this Data is necessary for the performance of this Agreement and that your refusal to provide the Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Your Data shall be accessible within the Company only by the persons specifically charged with Data processing operations and by the persons that need to access the Data because of their duties and position in relation to the performance of this Agreement.*

(d) *The Company will use your Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your Data, it will remove it from its systems. If the Company keeps Data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be relevant laws or regulations. You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions*

on processing, (v) portability of Data, (vi) to lodge complaints with competent authorities in your country, and/or (vii) a list with the names and addresses of any potential recipients of your Data. To receive clarification regarding your rights or to exercise your rights please contact the Company at Attn: Data Protection Officer, data.protection.officer@seagate.com.

(e) Further, you understand that the Company will transfer Data to E*TRADE Corporate Financial Services, Inc. and E*TRADE Securities LLC (collectively, "E*TRADE"), and/or such other third parties as may be selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the ability to participate in the Plan.

(f) E*TRADE is based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. If you are outside of the United States, you should note that your country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, you agree to the transfer of your Data to E*TRADE for the exclusive purpose of administering your participation in the Plan. The Company's legal basis, where required, for the transfer of Data to E*TRADE is your consent.

(g) Finally, you may choose to opt out of allowing the Company to share your Data with E*TRADE and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to you. For questions about this choice or to make this choice, you should contact Equity Administration at stockadmin@seagate.com.

11. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request that you consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

12. Notices. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Any such notices from the Company to you may also be delivered to you through the Company's electronic mail system (during your Continuous Service) or at the last email address you provided to the Company (after termination of your Continuous Service).

13. Choice of Law and Venue. The Award is governed by, and subject to, the laws of the State of California, without regard to such state's conflicts of law rules, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

14. Country-Specific Provisions. The Award shall be subject to any special provisions set forth in Exhibit A for your country, if any. If you relocate to one of the countries included in Exhibit A during the life of the Award or while holding Shares acquired upon vesting of the Restricted Share Units, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or facilitate the administration of the Plan. Exhibit A constitutes part of this Agreement.

15. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Award and the Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or

facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on you or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Restricted Share Units) or rights linked to the value of the Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdictions or your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You are responsible for ensuring compliance with any applicable restrictions and are instructed to speak with your personal legal advisor on this matter.

17. Foreign Asset/Account Reporting; Exchange Controls. Without limitation to any specific information stated in Exhibit A, you acknowledge that your country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect your ability to purchase or hold Shares subject to the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You further acknowledge that it is your responsibility to be compliant with such regulations, and that you should consult your personal legal advisor for any details.

18. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

19. Recoupment.

(a) Compensation Recovery for Fraud and Misconduct Policy. You hereby acknowledge and agree that to the extent you are or become subject to the Seagate Technology public limited company Compensation Recovery for Fraud and Misconduct Policy, as amended from time to time (the "Compensation Recovery Policy"), the terms and conditions of the Policy are hereby incorporated by reference into this Agreement and shall apply to (a) the Award, (b) each outstanding share award granted or issued to you (pursuant to which Shares may be issued or payments deriving their value from the Shares may be made), and (c) the gain received in connection with the vesting, exercise and/or issuance of any share award (i.e., the market value of the Shares on the vesting, exercise and/or issuance date, as applicable, less (i) any price paid for the Shares and (ii) any Tax-Related Items withheld from or paid by you in connection with the vesting, exercise and/or issuance of the share award), in each case without regard to whether such award was granted or issued under a share plan of the Company, a predecessor to the Company or a company acquired by the Company or outside a share plan; provided, however, that such award was granted or such gain was received within the three years prior to the Date of Grant; and provided, further, that no share award granted prior to January 29, 2009 shall be subject to the terms of the Compensation Recovery Policy. A copy of the current version of the Compensation Recovery Policy is attached to this Agreement as Exhibit B.

(b) Other Required Recoupments. Without derogating from the terms of Section 19(a) hereof, as an additional condition of receiving the Award, you agree that the Award and any benefits or proceeds you may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any other recoupment or "clawback" policy adopted by the Company, as may be amended from time to time (and such requirements shall be deemed incorporated into this Agreement without your consent), or (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if you receive any amount in excess of what you should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or administrative error), all as determined by the Committee, then you shall be required to promptly repay any such excess amount to the Company.

(c) Execution of Recoupment. You hereby irrevocably appoints the Company as the your true and lawful attorney for the purpose of undertaking all actions and executing all deeds and documentation that may be required to be executed to enforce the recovery of compensation pursuant to the Compensation Recovery Policy under Section 19(a) hereof or pursuant to any other required recoupment under Section 19(b).

20. Amendments. The Committee at any time, and from time to time, may amend the terms of the Award; provided, however, that the rights under any Award shall not be materially impaired by any such amendment unless (a) the Company requests your consent and (b) you consent in writing.

21. Language. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

23. Acknowledgements. By indicating acceptance of the Award through the Company's online acceptance procedure, you acknowledge that: (a) you have received, and understand and agree to the terms of, this Agreement and the Plan (including any exhibits to each document), (b) you accept the Award on the terms and conditions set forth in this Agreement and the Plan (including any exhibits to each document), and (c) this Agreement and the Plan (including any exhibits to each document) set forth the entire understanding between you and the Company regarding the rights to acquire the Shares subject to this Award and supersede all prior oral and written agreements with respect thereto.

**Seagate Technology public limited company
2012 Equity Incentive Plan
Option Agreement**

1. Grant of Option. Seagate Technology public limited company, a public company incorporated under the laws of the Republic of Ireland with limited liability (the “Company”), hereby grants to the Participant named in Section 2 below (the “Participant”) an option (the “Option”) to purchase the number of the Company’s ordinary shares (the “Shares”) set forth in Section 2 below at the exercise price per Share set forth in Section 2 (the “Exercise Price”) subject to the terms and conditions of the Seagate Technology public limited company 2012 Equity Incentive Plan, as may be amended from time to time and including any exhibits thereto (the “Plan”) and this Option Agreement, including any exhibits hereto (the “Agreement”). In the event of a conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall govern. Unless otherwise defined in this Agreement, any capitalized term used in this Agreement shall have the meaning assigned to such term in the Plan.

2. Option Terms. Subject to further detail included in this Agreement, the key terms related to the Option are as follows:

- (a) Participant.
- (b) Global ID Number.
- (c) Date of Grant.
- (d) Grant Number.
- (e) Vesting Commencement Date.
- (f) Exercise Price (Per Share).
- (g) Number of Shares Subject to Option.
- (h) Total Exercise Price.
- (i) Expiration Date.
- (j) Type of Grant. Nonstatutory Share Option.
- (k) Exercise Schedule. Same as Vesting Schedule.

(l) Vesting Schedule. Subject to the Participant’s Continuous Service with the Company or one of its Affiliates, 25% of the Shares shall vest on the first anniversary of the Vesting Commencement Date, and an additional 1/48 of the Shares shall vest at the end of each full month thereafter, until the fourth anniversary of the Vesting Commencement Date, subject to the vesting conditions described in Section 3 below. If, on any vesting date, this Vesting Schedule would result in the vesting of a fraction of a Share, such fraction shall be rounded down to the nearest whole Share.

- (m) Payment. By cash or check or other method of payment permitted under Section 4(d) of the Agreement.

3. Vesting.

(a) Subject to Sections 3(b), 3(c) and 3(d) below, the Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in Section 2 above. The portion of the Option which has become vested and exercisable as described in this Section 3 is hereinafter referred to as the “Vested Portion.”

(b) In the event of the Participant’s termination of Continuous Service on account of the Participant’s death, the Participant shall be deemed to have completed an additional year of service for purposes of determining the portion of the Option which is the Vested Portion.

(c) Subject to the terms of the Seagate Technology Executive Severance and Change in Control Plan, as amended from time to time, or other similar plan (the “Severance Plan”), in the event of Participant’s termination of Continuous Service for any reason, the Option shall, to the extent not then vested, be canceled by the Company without consideration, as further described in Section 7(p) below. The Vested Portion of the Option which is vested as of the date of such termination (after giving effect to the terms of the Severance Plan or Section 3(b) above, if applicable) shall remain exercisable for the period set forth in Section 4(b) below.

(d) The Committee may, in its sole discretion, suspend vesting of the Option if the Participant is on a leave of absence.

4. Exercise of Option.

(a) Eligibility to Exercise Option. During the Participant’s lifetime, only the Participant may exercise the Option. Should the Participant die while holding the Option, the Vested Portion of the Option shall remain exercisable by the Participant’s executor or administrator, or the person or persons to whom the Participant’s rights under this Agreement shall pass by will or the laws of descent and distribution, as the case may be, for the period set forth in Section 4(b) below. Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(b) Period of Exercise. Subject to the provisions of the Plan and this Agreement, including the provision set forth in Section 7(n) below, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of:

(i) the “Expiration Date” set forth in Section 2 above;

(ii) three (3) months following the date of the Participant’s termination of Continuous Service for any reason (other than as a result of death or Disability or for Cause); provided, however, that if termination of the Participant’s Continuous Service by the Company or an Affiliate is not for Cause and if the exercise of the Vested Portion of the Option following such termination would be prohibited because the issuance of Shares would violate either the registration requirements under the Securities Act (or other applicable securities law) or the Company’s insider trading policy, then the Option shall terminate on the earlier of (A) the “Expiration Date” set forth in Section 2 above or (b) the expiration of a period of three (3) months after termination during which time the exercise of the Option would not be in violation of either such registration requirements (or other applicable securities law) or the Company’s insider trading policy;

(iii) one year following the date of the Participant’s termination of Continuous Service as a result of death or Disability (as defined in the Plan); and

(iv) the date of the Participant’s termination of Continuous Service for Cause.

For purposes of this Agreement:

“Cause” shall mean (A) the Participant’s continued failure substantially to perform the material duties of his office (other than as a result of total or partial incapacity due to physical or mental illness), (B) the fraud, embezzlement or theft by the Participant of the Company’s property (or any Affiliate’s property), (C) the conviction of such Participant of, or plea of nolo contendere by the Participant to, a felony under the laws of the

United States or any state (or the equivalent under the laws of any other jurisdiction), (D) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties to the Company (or any Affiliate) or any other act or omission which is materially injurious to the financial condition or business reputation of the Company or any Affiliate, or (E) a material breach by the Participant of the terms of his employment agreement or any non-compete, non-solicitation or confidentiality provisions to which the Participant is subject; provided, however, that if the Participant is eligible to receive benefits under a Severance Plan containing a definition of "Cause," then that definition shall control.

(c) Manner of Exercise. The Vested Portion of the Option may be exercised by delivering to the Company at its principal office (or to the Company's designee) notice of intent to so exercise; provided, however, that the Option may be exercised with respect to whole Shares only. Such notice shall specify the number of Shares for which the Option is being exercised and shall be accompanied by payment in full of the Exercise Price, any applicable Tax-Related Items (as defined in Section 7 below) and any written representations, warranties or agreements as may be reasonably required by the Company to comply (or evidence compliance) with applicable laws with regard to the acquisition, issuance and sale of the Shares. The Company shall have the right to specify the manner of exercise, which may vary by country and which may be subject to change from time to time.

(d) Method of Payment. The Exercise Price for the Shares as to which the Option is exercised shall be paid to the Company by any of the following (or a combination thereof): (i) cash or check, (ii) provided there is a public market for the Shares at the time of exercise and pursuant to rules and procedures established by the Company from time to time, through the delivery of irrevocable instruments to a broker to sell all or a portion of such Shares and deliver promptly to the Company an amount equal to the aggregate Exercise Price for the Shares being purchased, or (iii) if permitted by the Committee, in its sole discretion, in Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares being purchased.

The Company reserves the right to restrict the available methods of payment to the extent it determines in its sole discretion that such restriction is required to comply with applicable laws with regard to the acquisition and issuance of the Shares or desirable for the administration of the Plan, or to otherwise modify the available methods of payment to the extent permitted under the terms of the Plan.

(e) Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from such registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares purchased upon exercise of the Option prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, or prior to the obtaining of any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable.

(f) Shareholder Rights. The Participant shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until such Shares have been issued by the Company to the Participant. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article 12 of the Plan.

5. Transferability. The Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

6. Responsibility for Taxes.

(a) Regardless of any action the Company, any of its Affiliates or the Participant's employer (the "Employer") take with respect to any or all income tax, social insurance, payroll tax, payment on account or other taxrelated items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and

remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Affiliate. The Participant further acknowledges that the Company and/or any Affiliate (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay to the Company or the Affiliate an amount equal to, or will make arrangements acceptable to the Company and the Affiliate to satisfy any withholding obligation with respect to the Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Affiliates, or their respective agents, at their discretion, to satisfy any withholding obligation with respect to the Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation payable to the Participant by the Company and/or the Affiliate; (ii) withholding from proceeds of the sale of Shares acquired upon exercise of the Option (either through a voluntary or mandatory sale); or (iii) withholding in Shares to be issued upon exercise of the Option; provided, however, that if the Participant is an Officer, the Committee (as constituted to satisfy Rule 16b-3 of the Exchange Act) shall approve the use of withholding in Shares to the extent necessary or desirable to exempt the transaction under Rule 16b-3 of the Exchange Act.

(c) Depending on the withholding method, the Company or the Affiliate may, if necessary, withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including up to maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares as described in (iii) above, for tax purposes, the Participant will be deemed to have been issued the full number of Shares subject to the exercised portion of the Option, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

(d) Finally, the Participant agrees to pay the Company or the Affiliate any amount of Tax-Related Items that the Company or the Affiliate may be required to withhold as a result of the Participant's participation in the Plan or the vesting and exercise of the Option that cannot be satisfied by the means previously described. The Company or the Affiliate may refuse to honor the exercise or refuse to issue or deliver the Shares or the proceeds of the sale of Shares unless and until the Participant has complied with the obligations related to Tax-Related Items described in this Section 6.

7. Nature of Grant. In accepting the Option, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(d) the Participant is voluntarily participating in the Plan;

(e) the Participant's participation in the Plan will not create a right to employment and shall not interfere with the ability of the Company or any Affiliate to terminate the Participant's Continuous Service at any time;

(f) the Option and any Shares subject to the Option, and the income and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Affiliate, and which is outside the scope of the Participant's employment or service contract, or consulting arrangement, if any;

(g) the Option and any Shares subject to the Option, and the income and value of the same, are not intended to replace any pension rights or compensation;

(h) the Option and any Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company or any Affiliate;

(i) the Option grant will not be interpreted to form or amend an employment or service contract or relationship with the Company or any Affiliate;

(j) the future value of the Shares subject to the Option is unknown and cannot be predicted with certainty;

(k) if the Shares subject to the Option do not increase in value, the Option will have no value;

(l) if the Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease, even below the Exercise Price;

(m) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Participant's Continuous Service as described in Section 3(c) above and in Section 6.6 of the Plan (regardless of the reason for the termination and whether or not the termination is in breach of any employment law in the country where the Participant resides, even if such law is otherwise applicable to the Participant's employment benefits, and whether or not such termination is later found to be invalid);

(n) neither the Company nor any affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of this Option or of any amounts due to the Participant pursuant to the issuance of Shares upon exercise of the Option or the subsequent sale of such Shares;

(o) unless otherwise agreed with the Company, the Option and the Shares subject to the Option, and the income and value of the same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of an Affiliate of the Company; and

(p) for purposes of the Option, the Participant's Continuous Service will be considered terminated as of the date he or she is no longer actively employed by and/or providing services to the Company or an Affiliate, as applicable; the Participant's right, if any, to vest in the Option and/or exercise the Vested Portion of the Option after termination of Continuous Service (regardless of whether the termination is in breach of any employment law in the country where the Participant resides, even if such law is otherwise applicable to the Participant's employment benefits, and whether or not such termination is later found to be invalid) will be measured by the date the Participant ceases to be actively employed and/or actively providing services and will not be extended by any notice period mandated under any employment law in the country where the Participant resides, even if such law is otherwise applicable to the Participant's employment benefits (e.g., active employment would not include a period of "garden leave" or similar period); the Committee, in its sole discretion, shall determine when the Participant is no longer actively employed for purposes of the Option (including whether the Participant may still be considered actively employed while on a leave of absence).

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own

personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. **Data Privacy.**

(a) *You are hereby notified of the collection, use and transfer outside of the European Economic Area, in electronic or other form, of your Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing your participation in the Plan.*

(b) *You understand that the Company and its Affiliates hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan.*

(c) *You understand that providing the Company with this Data is necessary for the performance of this Agreement and that your refusal to provide the Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Your Data shall be accessible within the Company only by the persons specifically charged with Data processing operations and by the persons that need to access the Data because of their duties and position in relation to the performance of this Agreement.*

(d) *The Company will use your Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your Data, it will remove it from its systems. If the Company keeps Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations. You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing, (v) portability of Data, (vi) to lodge complaints with competent authorities in your country, and/or (vii) a list with the names and addresses of any potential recipients of your Data. To receive clarification regarding your rights or to exercise your rights please contact the Company at Attn: Data Protection Officer, data.protection.officer@seagate.com.*

(e) *Further, you understand that the Company will transfer Data to E*TRADE Corporate Financial Services, Inc. and E*TRADE Securities LLC (collectively, "E*TRADE"), and/or such other third parties as may be selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the ability to participate in the Plan.*

(f) *E*TRADE is based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. If you are outside of the United States, you should note that your country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, you agree to the transfer of your Data to E*TRADE for the exclusive purpose of administering your participation in the Plan. The Company's legal basis, where required, for the transfer of Data to E*TRADE is your consent.*

(g) *Finally, you may choose to opt out of allowing the Company to share your Data with E*TRADE and others as described above, although execution of such choice may mean the Company cannot*

grant awards under the Plan to you. For questions about this choice or to make this choice, you should contact Equity Administration at stockadmin@seagate.com.

10. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

11. Notices. Any notices provided for in this Agreement or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to the Participant, five (5) days after deposit in the United States mail, postage prepaid, addressed to the Participant at the last address he or she provided to the Company. Any such notices from the Company to the Participant may also be delivered through the Company's electronic mail system (during the Participant's Continuous Service) or at the last email address the Participant provided to the Company (after termination of the Participant's Continuous Service).

12. Choice of Law and Venue. The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of California, without regard to such state's conflicts of law rules, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

13. Country-Specific Provisions. The Option shall be subject to any special provisions set forth in Exhibit A for the Participant's country, if any. If the Participant relocates to one of the countries included in Exhibit A during the life of the Option or while holding Shares acquired upon exercise of the Option, the special provisions for such country shall apply to the Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or facilitate the administration of the Plan. Exhibit A constitutes part of this Agreement.

14. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Option and the Shares acquired upon exercise of the Option, to the extent the Company determines it is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of Shares or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that, depending on the Participant's or the Participant's broker's country of residence or where the Shares are listed, he or she may be subject to insider trading restrictions and/or market abuse laws which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., options) or rights linked to the value of the Shares under the Plan during such times as he or she is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdictions or the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and the Participant is instructed to speak with the Participant's personal legal advisor on this matter.

16. Foreign Asset/Account Reporting; Exchange Controls. Without limitation to any specific information stated in Exhibit A, the Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect the Participant's ability to

purchase or hold Shares subject to the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside the Participant's country. He or she may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. He or she also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant further acknowledges that it is his or her responsibility to be compliant with such regulations, and that he or she should consult the Participant's personal legal advisor for any details.

17. Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant.

18. Recoupment.

(a) Compensation Recovery for Fraud and Misconduct Policy. The Participant hereby acknowledges and agrees that, to the extent he or she is or becomes subject to the Seagate Technology public limited company Compensation Recovery for Fraud and Misconduct Policy, as amended from time to time (the "Compensation Recovery Policy"), the terms and conditions of the Policy are hereby incorporated by reference into this Agreement and shall apply to (a) the Option, (b) each outstanding share award granted or issued to the Participant (pursuant to which Shares may be issued or payments deriving their value from the Shares may be made), and (c) the gain received in connection with the vesting, exercise and/or issuance of any share award (i.e., the market value of the Shares on the vesting, exercise and/or issuance date, as applicable, less (i) any price paid for the Shares and (ii) any Tax-Related Items withheld from or paid by Participant in connection with the vesting, exercise and/or issuance of the share award), in each case without regard to whether such award was granted or issued under a share plan of the Company, a predecessor to the Company or a company acquired by the Company or outside a share plan; provided, however, that such award was granted or such gain was received within the three years prior to the Date of Grant; and provided, further, that no share award granted prior to January 29, 2009 shall be subject to the terms of the Compensation Recovery Policy. A copy of the current version of the Compensation Recovery Policy is attached to this Agreement as Exhibit B.

(b) Other Required Recoupments. Without derogating from the terms of Section 18(a) hereof, as an additional condition of receiving the Option, the Participant agrees that the Option and any benefits or proceeds the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any other recoupment or "clawback" policy adopted by the Company, as may be amended from time to time (and such requirements shall be deemed incorporated into this Agreement without the Participant's consent), or (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if the Participant receives any amount in excess of what the Participant should have received under the terms of the Option for any reason (including without limitation by reason of a financial restatement, mistake in calculations or administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company.

(c) Execution of Recoupment. The Participant hereby irrevocably appoints the Company as the Participant's true and lawful attorney for the purpose of undertaking all actions and executing all deeds and documentation that may be required to be executed to enforce the recovery of compensation pursuant to the Compensation Recovery Policy under Section 18(a) hereof or pursuant to any other required recoupment under Section 18(b).

19. Amendments. The Committee at any time, and from time to time, may amend the terms of the Option; provided, however, that the rights under any Option shall not be materially impaired by any such amendment unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

20. Language. If the Participant has received this or any other document related to the Plan or this Option translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. Participant's Acknowledgements. By indicating acceptance of the Option through the Company's online acceptance procedure, the Participant acknowledges that: (a) he or she has received, and understands and agrees to the terms of, this Agreement and the Plan (including any exhibits to each document), (b) he or she accepts the Option on the terms and conditions set forth in this Agreement and the Plan (including any exhibits to each document), and (c) this Agreement and the Plan (including any exhibits to each document) set forth the entire understanding between the Participant and the Company regarding the rights to acquire the Shares subject to this Option and supersede all prior oral and written agreements with respect thereto.

Seagate Technology public limited company
2012 Equity Incentive Plan
Restricted Share Unit Agreement
(Outside Directors)

1. Grant of Restricted Share Units. Seagate Technology public limited company, a public company incorporated under the laws of the Republic of Ireland with limited liability (the “Company”), hereby grants to you (the Participant named in Section 2 below) the number of Restricted Share Units set forth in Section 2 below subject to the terms and conditions of the Seagate Technology public limited company 2012 Equity Incentive Plan, as may be amended from time to time and including any exhibits thereto (the “Plan”) and this Restricted Share Unit Agreement, including any exhibits hereto (the “Agreement”) (collectively, the “Award”). In the event of a conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall govern. Unless otherwise defined in this Agreement, any capitalized term used in this Agreement shall have the meaning assigned to such term in the Plan.

2. Award Terms. Subject to further detail included in this Agreement, the key terms related to the Award are as follows:

Participant: _____
 Global ID Number: _____
 Date of Grant: _____
 Grant Number: _____
 Number of
 Restricted Share
 Units _____

Vesting Schedule. Subject to the terms of the Agreement, including but not limited to Section 3 hereof, and your Continuous Service on the Board, the Award shall vest in full on the earlier of: (i) the first anniversary of the Date of Grant and (ii) one day prior to the next election of Directors following the Date of Grant.

3. Vesting and Settlement.

(a) Subject to Sections 3(b), 3(c) and 3(d) below, the Restricted Share Units will vest as provided in Section 2 above.

(b) In the event of your termination of Continuous Service on account of your death or Disability, the Restricted Share Units shall vest in full as of the date of such termination.

(c) In the event of a Change of Control, the Restricted Share Units shall vest immediately prior to the consummation of the Change of Control, so long as your termination of Continuous Service has not previously occurred.

(d) In the event of your termination of Continuous Service for any other reason, you shall forfeit any and all Restricted Share Units that have not vested as of the date of such termination.

1 August 2020

(e) Upon the vesting of any Restricted Share Units, as promptly as is reasonably practicable (but in any event no later than March 15 of the calendar year following the calendar year of vesting), Shares (which shall be fully paid up at the Date of Grant) shall be issued to you, and the Company shall deliver to you appropriate documentation evidencing the number of Shares issued in settlement of such vested Restricted Share Units. However, the settlement of the Restricted Share Units shall be conditioned upon your making adequate provision for Tax-Related Items, as discussed in Section 7 below.

4. Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from such registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon vesting of the Restricted Share Units prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign law or under rulings or regulations of the U.S. Securities and Exchange Commission or of any other governmental regulatory body, or prior to the obtaining of any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable.

5. Shareholder Rights. You shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of the Shares subject to the Restricted Share Units unless and until such Shares have been issued by the Company to you. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article 12 of the Plan.

6. Transferability. The Restricted Share Units may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

7. Responsibility for Taxes.

(a) Regardless of any action the Company takes with respect to any or all income tax, social insurance, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount, if any, withheld by the Company. You further acknowledge that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction (or have become subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable), you acknowledge

that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Your acceptance of this Agreement constitutes your instruction and authorization to the Company to withhold Shares otherwise deliverable upon vesting of the Award having a Fair Market Value on the date of vesting equal to the amount sufficient to satisfy the Tax-Related Items. Shares will be delivered as soon as administratively practicable following the vesting date and the calculation of applicable withholding taxes.

(c) To avoid negative accounting treatment, the Company will withhold or account for Tax-Related Items by calculating the actual taxes due at vesting before delivering the net number of Shares to you. Any fractional shares required to be withheld will be rounded up to the nearest Share.

(d) Finally, you agree to pay the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of your participation in the Plan or the vesting and settlement of the Restricted Share Units that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares unless and until you have complied with your obligations related to the Tax-Related Items described in this Section 7.

8. Nature of the Award. In accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be amended, suspended or terminated by the Company at any time;

(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been awarded repeatedly in the past;

(c) all decisions with respect to future Restricted Share Unit awards, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) your participation in the Plan shall not create any right to continue to serve the Company in the capacity in effect at the Date of Grant and will not affect the right of the Company to terminate your service as a Director pursuant to the Constitution of the Company and any applicable provisions of the laws of the Republic of Ireland;

(f) because you are not an employee of the Company, the Award will not be interpreted to form or amend an employment or service contract or relationship with the Company or any Affiliate;

(g) the future value of the underlying Shares is unknown and cannot be predicted with certainty; and

(h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of your Continuous Service and in consideration of the Award to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, waive your ability, if any, to bring any such claim, and release the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claims.

(i) The Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of this Award or of any amounts due to you pursuant to the issuance of Shares upon settlement of this Award or the subsequent sale of such Shares.

9. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. **Data Privacy.**

(a) ***You are hereby notified of the collection, use and transfer outside of the European Economic Area, in electronic or other form, of your Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing your participation in the Plan.***

(b) ***You understand that the Company and its Affiliates hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor (“Data”), for the purpose of implementing, administering and managing the Plan.***

(c) ***You understand that providing the Company with this Data is necessary for the performance of this Agreement and that your refusal to provide the Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan. Your Data shall be accessible within the Company only by the persons specifically charged with Data processing operations and by the persons that need to access the Data because of their duties and position in relation to the performance of this Agreement.***

(d) ***The Company will use your Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the***

Company no longer needs your Data, it will remove it from its systems. If the Company keeps Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations. You have a number of rights under data privacy laws in your country. Depending on where you are based, your rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing, (v) portability of Data, (vi) to lodge complaints with competent authorities in your country, and/or (vii) a list with the names and addresses of any potential recipients of your Data. To receive clarification regarding your rights or to exercise your rights please contact the Company at Attn: Data Protection Officer, data.protection.officer@seagate.com.

*(e) Further, you understand that the Company will transfer Data to E*TRADE Corporate Financial Services, Inc. and E*TRADE Securities LLC (collectively, "E*TRADE"), and/or such other third parties as may be selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. You may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the ability to participate in the Plan.*

*(f) E*TRADE is based in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. If you are outside of the United States, you should note that your country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, you agree to the transfer of your Data to E*TRADE for the exclusive purpose of administering your participation in the Plan. The Company's legal basis, where required, for the transfer of Data to E*TRADE is your consent.*

*(g) Finally, you may choose to opt out of allowing the Company to share your Data with E*TRADE and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to you. For questions about this choice or to make this choice, you should contact Equity Administration at stockadmin@seagate.com*

11. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request that you consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

12. Notices. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid,

addressed to you at the last address you provided to the Company. Any such notices from the Company to you may also be delivered to you at the last email address you provided to the Company.

13. Choice of Law and Venue. The Award is governed by, and subject to, the laws of the State of California, without regard to such state's conflicts of law rules, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

14. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Award and the Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable laws with regard to the acquisition, issuance or sale of the Shares or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. Amendments. The Committee at any time, and from time to time, may amend the terms of the Award; provided, however, that the rights under any Award shall not be materially impaired by any such amendment unless (a) the Company requests your consent and (b) you consent in writing.

16. Language. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. Acknowledgements. By indicating acceptance of the Award through the Company's online acceptance procedure, you acknowledge that: (a) you have received, and understand and agree to the terms of, this Agreement and the Plan (including any exhibits to each document), (b) you accept the Award on the terms and conditions set forth in this Agreement and the Plan (including any exhibits to each document), and (c) this Agreement and the Plan (including any exhibits to each document) set forth the entire understanding between you and the Company regarding the rights to acquire the Shares subject to this Award and supersede all prior oral and written agreements with respect thereto.

Seagate Technology plc Participant:

By: _____ [NAME]

6 August 2020

Title: Chief Executive Officer Date: _____

7 August 2020

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY SUBSIDIARIES AS OF JULY 3, 2020

Seagate Technology Public Limited Company	Ireland
Seagate Technology	Cayman
Seagate Technology (Dublin Branch)	Ireland
Seagate Global Technology	Cayman
Seagate Data Storage Technology	Cayman
Seagate HDD Cayman	Cayman
Seagate Technology (US) Holdings, Inc.	Delaware
EVault, Inc.	Delaware
Seagate Cloud Systems, Inc.	Delaware
Seagate Cloud Systems Japan Ltd.	Japan
Dot Hill Singapore Pte. Ltd.	Singapore
Dot Hill Germany GmbH	Germany
Dot Hill Systems Europe Ltd.	United Kingdom
Dot Hill Systems Tianjin Ltd.	China
Dot Hill Systems Israel Ltd.	Israel
Cloverleaf Communications, Inc.	Delaware
Dot Hill Israel Ltd.	Israel
Seagate Technology AB	Sweden
Seagate Technology Australia Pty. Limited	Australia
Seagate Technology GmbH	Germany
Seagate Technology SAS	France
Seagate Technology Taiwan Ltd.	Taiwan
Seagate US LLC	Delaware
Quinta Corporation	California
Seagate Technology LLC	Delaware
Seagate Technology Canada Inc.	Canada
Seagate Federal, Inc.	Delaware
Seagate Systems (US) Holdings Inc.	Delaware
Seagate Systems (US) Inc.	California
Seagate Technology International	Cayman
Seagate Technology International (Singapore Branch)	Singapore
Seagate International (Johor) Sdn. Bhd.	Malaysia
Seagate Technology China Holding Company	Cayman
Seagate Technology Manufacturing (Hong Kong) Limited	Hong Kong
Seagate Technology (Suzhou) Co., Ltd.	China
Penang Seagate Industries (M) Sdn. Bhd.	Malaysia
Seagate Global Business Services (Malaysia) Sdn. Bhd.	Malaysia

Seagate Technology (Thailand) Limited	Thailand
Seagate Technology HDD (India) Private Limited	India
Seagate Technology (Ireland)	Cayman
Seagate Technology (Ireland) (Springtown Branch)	United Kingdom
Seagate Brasil Comércio e Representação de Produtos de Informática Ltda.	Brazil
Seagate Brasil Comércio e Representação de Produtos de Informática Ltda. (Sao Paulo Branch)	Brazil
Seagate Technology UK Ltd.	United Kingdom
Seagate Technology UK Ltd. (Moscow Branch)	Russia
Seagate Technology MEA DMCC	Dubai
Seagate Systems (Bermuda) Limited	Bermuda
Seagate Systems (Malaysia) Sdn. Bhd.	Malaysia
Seagate Systems (UK) Limited	United Kingdom
Seagate Systems (Havant) Limited	United Kingdom
Seagate Systems (Philippines), Inc.	Philippines
Seagate Systems (México) S.A. de C.V.	Mexico
Seagate Business Centre (UK) Ltd.	United Kingdom
Seagate Business Centre GmbH	Germany
Seagate Singapore International Headquarters Pte. Ltd.	Singapore
Seagate Technology Israel Ltd.	Israel
Seagate (Hangzhou) Data Recovery Services Co. Ltd.	China
Seagate Technology International (Wuxi) Company Limited	China
Seagate Technology (Netherlands) B.V.	Netherlands
Nippon Seagate Inc.	Japan
Seagate Technology EMEA B.V.	Netherlands
Seagate Technology EMEA B.V. (Moscow Branch)	Russia
Seagate Technology Services (Shanghai) Co., Ltd.	China
Seagate Technology Services (Shanghai) Co., Ltd. (Beijing Branch)	China
Seagate Technology Services (Shanghai) Co., Ltd. (Shenzhen Branch)	China
Seagate Technology Services (Shanghai) Co., Ltd. (Chengdu Branch)	China
Seagate Technology Services (Shanghai) Co., Ltd. (Hangzhou Branch)	China
LaCie Group S.A.S.	France
LaCie SAS	France
LaCie Ltd	United Kingdom
LaCie Electronique D2, S.A.	Spain
LaCie SPRL	Belgium
LaCie S.r.l. in Liquidazione	Italy
LaCie AB	Sweden
LaCie GmbH	Germany
LaCie AG	Switzerland

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-186364) of Seagate Technology public limited company (plc) and in the related Prospectuses, as applicable, and
- (2) Registration Statement (Form S-8 Nos. 333-237939, 333-221831, 333-216350, 333-207313, 333-199781, 333-184704, 333-177609, 333-162958, 333-139433, 333-139434, 333-132420, 333-128654, 333-101848, and 333-101789) pertaining to the Equity Incentive Plan of Seagate Technology plc;

of our reports dated August 7, 2020, with respect to the consolidated financial statements of Seagate Technology plc, and the effectiveness of internal control over financial reporting of Seagate Technology plc, included in this Annual Report (Form 10-K) for the year ended July 3, 2020.

/s/ Ernst & Young LLP

San Jose, California

August 7, 2020

CERTIFICATION

I, Dr. William D. Mosley, certify that:

1. I have reviewed this annual report on Form 10-K of Seagate Technology plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2020

/s/ Dr. William D. Mosley

Name: Dr. William D. Mosley
 Chief Executive Officer and Director
 Title: (Principal Executive Officer)

CERTIFICATION

I, Gianluca Romano, certify that:

1. I have reviewed this annual report on Form 10-K of Seagate Technology plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2020

/s/ Gianluca Romano

Name:

Gianluca Romano

Title:

Executive Vice President, Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is not to be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and does not constitute a part of the Annual Report of Seagate Technology plc (the "Company") on Form 10-K for the fiscal year ended July 3, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report").

In connection with the Report we, Dr. William D. Mosley, Chief Executive Officer of the Company, and Gianluca Romano, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2020

	<u>/s/ Dr. William D. Mosley</u>
Name:	Dr. William D. Mosley
	Chief Executive Officer and Director
Title:	(Principal Executive Officer)

Date: August 7, 2020

	<u>/s/ Gianluca Romano</u>
Name:	Gianluca Romano
	Executive Vice President, Finance and Chief Financial Officer
Title:	(Principal Financial and Accounting Officer)