**Kate Scolnick**

Thank you. Good morning, everyone and welcome to today's call. Joining me today from Seagate's executive team are Steve Luczo, Chairman and CEO; Pat O'Malley, EVP and CFO; Jamie Lerner, President, Cloud Systems and Solutions; Dave Mosley, President, Operations and Technology; Rocky Pimentel, President, Global Markets and Customers; and our General Counsel Ken Massaroni.

We've posted our press release and detailed supplemental information about our fiscal first quarter on our Investor Relations site at seagate.com. During today's call, we will review the highlights from the September quarter and then we will provide the company's outlook for the second fiscal quarter 2015. We will refer to non-GAAP measures which are reconciled to GAAP figures in our supplement. After that, we will open up the call for questions.

We're planning for the call today to go only half an hour and we will do our best to accommodate your questions in that timeframe.

As a reminder, this conference call contains forward-looking statements about the company’s anticipated future, operating and financial performance, customer demand and general market conditions. These forward-looking statements are based on management’s current views and assumptions and should not be relied upon as of any subsequent date. Actual results may vary materially from today’s statements.

Information concerning risks, uncertainties, and other factors that could cause results to differ from these forward-looking statements are contained in the company’s SEC filings and supplemental information posted on the Investors Section of the company’s website at seagate.com. Any non-GAAP measures referenced on this call are reconciled to GAAP figures and supplemental information available on the section in the website.

I would now like to turn the call over to Steve Luczo. Please go ahead, Steve.

**Steve Luczo**

Thanks Kate. Good morning everyone and thank you for joining us today. Seagate demonstrated strong financial performance in the September quarter, achieving revenues of $3.8 billion and on a non-GAAP basis gross margin of 28.1%, net income of $453 million, and diluted earnings per share of $1.34.

We had another strong cash flow quarter generating $602 million in operating cash flow and $430 million in free cash flow. Our results this quarter reflect revenue upside of 7% from our original guidance in July, driven by higher than expected demand for our PC, gaming and cloud storage products.

With most of the unit upside coming from the lower end of the market, we saw some pressure on our gross margin, but this was good business overall. We gained profitable share as a result and remained in our long-term model range of 27 to 32 points of gross margin. Seagate shipped nearly 60 exabytes of storage in the quarter, up approximately 22% sequentially and also year-over-year. For first time in Seagate's history, average gigabytes per drive for the quarter exceeded 1 terabyte.

Our Cloud Systems and Solutions business exceeded our internal revenue plan again this quarter. And we are pleased with the momentum we have with both existing and new customers. We announced a few new products this quarter. The EVault Enterprise Backup and Recovery Appliance that now accommodates up to 100 terabytes of usable capacity and the ClusterStor 9000 solution which delivers 50% higher performance than previous ClusterStor platforms.

During the quarter, we also announced a number of key leadership hires who have all deep technology industry experience and we are very excited to have them at Seagate.

In September, we made a strategic investment to further build our integrated flash technology portfolio with the close of the acquisition of the SSD controller and PCI assets from Avago. We're already seeing strong demand for the new Nitro PCIE product platform with customers and we believe we will continue to gain traction in this high growth market.

In addition, we saw higher than expected sales of our client hybrid drives this quarter and we are planning for sequential growth again in the December quarter. To-date we have sold over 12 million hybrids reflecting the growing interest in hybrid in the marketplace.

Operating expenses and capital expenditures were in line with our expectations. Inventory, both internally and externally in the channel are within manageable levels. And we did a very good job this quarter meeting the upside demand we have from customers particularly in cloud computing.

We remain committed to a thoughtful and strategic approach to our capital allocation. With respect to equity purchases, we indicated that our base plan was to offset option dilution and to be opportunistic as to purchases in excess of that amount. This quarter we deployed approximately $183 million to repurchase 3 million shares of stock, which exceeds the base plan and reflects our view of an attractive equity purchase price.

Regarding our give then policy, we have stated a base plan of a 10% dividend increase for fiscal year 2015. Last week, we announced the 26% increase in our annual dividend reflecting the confidence we have in our future cash generation. Initially, we have planned for a 16% annual increase for fiscal year ‘15, but after consideration by our Board, we decided to also include a portion of the proceeds from the Western Digital Lawsuit settlement in our annual dividend.

Since introducing our dividend growth policy three years ago, we have far exceeded our planned annual increases demonstrating our strong commitment to shareholder return. We also repurchased approximately $110 million of our debt in the September quarter. The debt that was repurchased was our higher coupon debt which works towards lowering our overall debt service cost and maintaining our investment grade status.

Based on current market conditions and recent unexpected financial performance, we believe that both our debt and equity are attractive for us to continue greater than base plan repurchase activity. Going forward, we will continue to be opportunistic in our debt and equity repurchases.

At our strategic update in September, we discussed our point of view about the architecture and economic shifts taking place in storage and a long-term view of our technology road map both in terms of aerial density and flash integration.

The strength of our core business and its ability to generate cash has enabled us to pursue growth adjacencies in cloud systems and solutions as well as investing in our flash technology platform. We continue to believe our long-term financial model is solid and we’ll be investing in fiscal year ‘15 for greater revenue growth in fiscal year ‘17 and beyond. Some of these investments will have immediate benefit to our business while others will take more time, but we believe will create important strategic advantages for Seagate in the storage marketplace.

As noted on our last few earnings calls, we have seen demand momentum for our storage portfolio build throughout the calendar year. Based on the September quarter activity and as a result of ongoing conversations with customers, we believe demand trends will continue to be healthy across most segments. Industry estimates are for the market demand to be approximately 145 million units in the December quarter. Seagate’s product portfolio is well-positioned competitively in this demand environment and we expect to achieve revenue of approximately $3.7 billion in the December quarter.

We are targeting product gross margins to be slightly higher in the quarter recognizing we have margin pressure associated with the integration of Xyratex and Avago flash technology assets. We are planning for operating expenses of approximately $555 million, which includes the recent investments we have made in our new cloud and flash platform adjacencies.

In summary, Seagate is very well positioned for continued success, while our forecasting continues to maintain a sense of caution due to macroeconomic conditions and computer industry dynamics. The trends we’re seeing in the marketplace are continuing to align with our long-term expectations for exabyte demand and the growing need for economical and efficient storage.