SEAGATE TECHNOLOGY PLC CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions) (Unaudited)

	M	March 31, 2017	July 1, 2016 (a)
ASSETS			
Current assets:			
Cash and cash equivalents	\$	3,026 \$	1,125
Short-term investments		_	6
Accounts receivable, net		1,156	1,318
Inventories		1,038	868
Other current assets		240	216
Total current assets		5,460	3,533
Property, equipment and leasehold improvements, net		1,911	2,160
Goodwill		1,237	1,237
Other intangible assets, net		323	448
Deferred income taxes		605	616
Other assets, net		203	219
Total Assets	\$	9,739 \$	8,213
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable	\$	1,591 \$	1,517
Accrued employee compensation		245	184
Accrued warranty		112	104
Current portion of long-term debt		158	_
Accrued expenses		683	444
Total current liabilities		2,789	2,249
Long-term accrued warranty		111	102
Long-term accrued income taxes		16	14
Other non-current liabilities		142	164
Long-term debt, less current portion		5,073	4,091
Total Liabilities		8,131	6,620
Total Equity		1,608	1,593
Total Liabilities and Equity	\$	9,739 \$	8,213

⁽a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of July 1, 2016.

SEAGATE TECHNOLOGY PLC CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

		For the Three	Three Months Ended		For the Nine Months Ended			
	1	March 31, 2017		April 1, 2016		March 31, 2017		April 1, 2016
Revenue	\$	2,674	\$	2,595	\$	8,365	\$	8,506
Cost of revenue		1,858		2,071		5,857		6,553
Product development		324		298		944		930
Marketing and administrative		150		150		457		491
Amortization of intangibles		28		29		85		94
Restructuring and other, net		48		20		164		95
Total operating expenses		2,408		2,568		7,507		8,163
Income from operations		266		27		858		343
Interest income		5		1		7		2
Interest expense		(60)		(47)		(160)		(142)
Other, net		1		28		(10)		18
Other expense, net		(54)		(18)		(163)		(122)
Income before income taxes		212		9		695		221
Provision for income taxes		18		30		37		43
Net income (loss)	\$	194	\$	(21)	\$	658	\$	178
Net income (loss) per share:								
Basic	\$	0.66	\$	(0.07)	\$	2.22	\$	0.59
Diluted		0.65		(0.07)		2.20		0.59
Number of shares used in per share calculations:								
Basic		296		298		297		300
Diluted		300		298		299		303
Cash dividends declared per ordinary share	\$	0.63	\$	0.63	\$	1.89	\$	1.80

SEAGATE TECHNOLOGY PLC CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions) (Unaudited)

		For the Nine Months Ended			
Net income \$ 658 \$ 178 Adjustments to reconcile net income to net cash provided by operating activities: 573 615 Depreciation and amorization 573 615 Share-based compensation 110 95 Impairment of long-lived assets 35 25 Deferred income taxes 12 1 1 Other non-cash operating activities, net 17 10 10 Changes in operating assets and liabilities: 35 531 1 Accounts payable (170) 85 531 1 Accruel expenses, income taxes and warranty 61 92 1 2 1 2 1 2 1 2 1 4 31 1 4 1 4 31 1 4 1 4 31 2 3 1 4 6 9 1 3 1 4 1 4 3 1 4 3 1 4 4 3 1		,			
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization 573 615 518 615 618 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 619 61	OPERATING ACTIVITIES				
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Share-based compensation 110 95 Impairment of long-lived assets 35 25 Deferred income taxes 17 10 Other non-cash operating activities, net 17 10 Changes in operating assets and liabilities: 85 531 Accounts receivable, net 165 531 Inventories (170) 85 Accounts payable 124 (31) Accrued employee compensation 61 (92) Accrued employee compensation 61 (92) Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7) Net cash provided by operating activities 1,673 1,411 INVESTING ACTIVITIES Acquisition of property, equipment and leasehold improvements 6 — Cash used in acquisition of business, net of cash acquired 9 (634) Other investing activities, net 9 (25) (55) Eventual activities, net 9 (25) (55) Redemption and repurchas	Adjustments to reconcile net income to net cash provided by operating activities:				
Impairment of long-lived assets 35 25 Deferred income taxes 12 1 Other non-cash operating activities, net 10 10 Changes in operating assets and liabilities:	Depreciation and amortization	573		615	
Deferred income taxes 12 1 Other non-cash operating activities, net 17 10 Changes in operating assets and liabilities: Accounts receivable, net 165 531 Inventories (170) 85 Accounts payable 124 (31) Accrued employee compensation 61 (92) Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7 Net cash provided by operating activities 1,673 1,411 INVESTING ACTIVITIES Acquisition of property, equipment and leasehold improvements 6 — Acquisition of business, net of cash acquired 6 — Cash used in acquisition of business, net of cash acquired 6 — Cash used in acquisition of property, equipment and leasehold improvements 6 — Redunption and repurchase of cash acquired 9 (1,33) 1,05 Potach used in acquisition of business, net of cash acquired 9 (2,20) Redumption and repurchase of debt <t< td=""><td>Share-based compensation</td><td>110</td><td></td><td>95</td></t<>	Share-based compensation	110		95	
Other non-cash operating activities, net 17 10 Changes in operating assets and liabilities: 3 3 Accounts receivable, net 165 531 Inventories (170) 85 Accounts payable 124 (31) Accrued employee compensation 61 (92) Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7) Net cash provided by operating activities 19 (7) Net cash provided by operating activities 16 9 1 INVESTING ACTIVITIES 3 (441) Maturities of short-term investments 6 - Cash used in acquisition of business, net of cash acquired 6 - Other investing activities, net (33) (1,065) FINANCING ACTIVITIES 6 - Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 - Taxes paid related to net share settlement of equity awards (25) (55)	Impairment of long-lived assets	35		25	
Changes in operating assets and liabilities: 165 531 Accounts receivable, net (170) 85 Inventories (170) 85 Accounts payable 124 (31) Accrued employee compensation 61 (92) Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7) Net cash provided by operating activities 19 (7) Net cash provided by operating activities (330) (441) Maturities of short-term investments 6 — Cash used in acquisition of business, net of cash acquired 6 — Other investing activities, net (33) (1065) PINANCING ACTIVITIES (33) (1065) Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt (25) (55) Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (37) (53)	Deferred income taxes	12		1	
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Inventories (170) 85 Accounts payable 124 (31) Accrued employee compensation 61 (92) Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7) Net cash provided by operating activities 1,673 1,411 INVESTING ACTIVITIES Acquisition of property, equipment and leasehold improvements 63 Cash used in acquisition of business, net of cash acquired 6 Cash used in acquisition of business, net of cash acquired 63 10 Other investing activities, net (33) (1,065) FINANCING ACTIVITIES Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (37) (539) Proceeds from issuance of ordinary shares under employee stock plans 83 78 <	Changes in operating assets and liabilities:				
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Accrued expenses, income taxes and warranty 69 1 Other assets and liabilities 19 (7) Net cash provided by operating activities 1,673 1,411 INVESTING ACTIVITIES Acquisition of property, equipment and leasehold improvements (330) (441) Maturities of short-term investments 6 — Cash used in acquisition of business, net of cash acquired 6 — Other investing activities, net (13) 10 Net cash used in investing activities (337) (1,065) FINANCING ACTIVITIES 4 (29) (22) Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 — Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (374) (539) Proceeds from issuance of ordinary shares under employee stock plans 83 78 Other financing activities, net — (4) Net cash pro	Accounts payable	124		(31)	
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Maturities of short-term investments 6 — Cash used in acquisition of business, net of cash acquired — (634) Other investing activities, net (13) 10 Net cash used in investing activities (337) (1,065) FINANCING ACTIVITIES 8 8 Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 — Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (374) (539) Proceeds from issuance of ordinary shares under employee stock plans 83 78 Other financing activities, net — (4) Net cash provided by (used in) financing activities 571 (1,632) Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash 1,899 (1,286) Increase (decrease) in cash, cash equivalents, and restricted cash at the beginning of the period 1,132 2,486	INVESTING ACTIVITIES				
Cash used in acquisition of business, net of cash acquired — (634) Other investing activities, net (13) 10 Net cash used in investing activities (337) (1,065) FINANCING ACTIVITIES 8 8 Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 — Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (374) (539) Proceeds from issuance of ordinary shares under employee stock plans 83 78 Other financing activities, net — (4) Net cash provided by (used in) financing activities 571 (1,632) Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash (8) — Increase (decrease) in cash, cash equivalents, and restricted cash 1,899 (1,286) Cash, cash equivalents, and restricted cash at the beginning of the period 1,132 2,486	Acquisition of property, equipment and leasehold improvements	(330)		(441)	
Other investing activities, net (13) 10 Net cash used in investing activities (337) (1,065) FINANCING ACTIVITIES Redemption and repurchase of debt (97) (22) Net proceeds from issuance of long-term debt 1,232 — Taxes paid related to net share settlement of equity awards (25) (55) Repurchases of ordinary shares (248) (1,090) Dividends to shareholders (374) (539) Proceeds from issuance of ordinary shares under employee stock plans 83 78 Other financing activities, net — (4) Net cash provided by (used in) financing activities 571 (1,632) Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash 1,899 (1,286) Increase (decrease) in cash, cash equivalents, and restricted cash at the beginning of the period 1,132 2,486	Maturities of short-term investments	6		_	
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Redemption and repurchase of debt(97)(22)Net proceeds from issuance of long-term debt1,232—Taxes paid related to net share settlement of equity awards(25)(55)Repurchases of ordinary shares(248)(1,090)Dividends to shareholders(374)(539)Proceeds from issuance of ordinary shares under employee stock plans8378Other financing activities, net—(4)Net cash provided by (used in) financing activities571(1,632)Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash(8)—Increase (decrease) in cash, cash equivalents, and restricted cash at the beginning of the period1,899(1,286)Cash, cash equivalents, and restricted cash at the beginning of the period1,1322,486	Net cash used in investing activities	(337)		(1,065)	
Net proceeds from issuance of long-term debt1,232—Taxes paid related to net share settlement of equity awards(25)(55)Repurchases of ordinary shares(248)(1,090)Dividends to shareholders(374)(539)Proceeds from issuance of ordinary shares under employee stock plans8378Other financing activities, net—(4)Net cash provided by (used in) financing activities571(1,632)Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash(8)—Increase (decrease) in cash, cash equivalents, and restricted cash at the beginning of the period1,399(1,286)Cash, cash equivalents, and restricted cash at the beginning of the period1,1322,486	FINANCING ACTIVITIES				
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Proceeds from issuance of ordinary shares under employee stock plans Other financing activities, net Net cash provided by (used in) financing activities Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash cash equivalents, and restricted cash at the beginning of the period 1,132 2,486	Repurchases of ordinary shares	(248)		(1,090)	
Other financing activities, net Net cash provided by (used in) financing activities Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at the beginning of the period — (4) (1,632) (8) — (1,286) (1,286)	Dividends to shareholders	(374)		(539)	
Net cash provided by (used in) financing activities 571 (1,632) Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at the beginning of the period 1,132 2,486	Proceeds from issuance of ordinary shares under employee stock plans	83		78	
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at the beginning of the period (1,286) 1,132 2,486	Other financing activities, net	_		(4)	
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at the beginning of the period (1,286) 1,132 2,486	Net cash provided by (used in) financing activities	571		(1,632)	
Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at the beginning of the period 1,899 1,132 2,486		(8)			
Cash, cash equivalents, and restricted cash at the beginning of the period 1,132 2,486				(1,286)	
Cash, cash equivalents, and restricted cash at the end of the period \$ 3,031 \$ 1,200		1,132		2,486	
	Cash, cash equivalents, and restricted cash at the end of the period	\$ 3,031	\$	1,200	

Use of non-GAAP financial information

The Company uses non-GAAP measures of gross margin, net income and diluted earnings per share, which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures may be provided to enhance the user's overall understanding of the Company's current financial performance and its prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain expenses, gains and losses that it believes are not indicative of its core operating results and because it is similar to the approach used in connection with the financial models and estimates published by financial analysts who follow the Company.

These non-GAAP results are some of the primary measurements management uses to assess the Company's performance, allocate resources and plan for future periods. Reported non-GAAP results should only be considered as supplemental to results prepared in accordance with GAAP, and not considered as a substitute for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies in its industry.

SEAGATE TECHNOLOGY PLC

ADJUSTMENTS TO GAAP NET INCOME AND DILUTED NET INCOME PER SHARE

 $(In \ millions, \ except \ per \ share \ amounts)$

(Unaudited)

	Mor	the Three oths Ended och 31, 2017	For the Nine Months Ended March 31, 2017		
Reconciliation of GAAP Net Income:					
GAAP Net income	\$	194	\$	658	
Non-GAAP adjustments:					
Revenue	A	1		(1)	
Cost of revenue	В	24		79	
Product development	C	30		31	
Marketing and administrative	D	2		1	
Amortization of intangibles	E	27		81	
Restructuring and other, net	F	48		164	
Other expense, net	G	_		24	
Provision for income taxes	H	3		3	
Non-GAAP net income	\$	329	\$	1,040	
Reconciliation of GAAP Diluted Net Income Per Share:					
GAAP	\$	0.65	\$	2.20	
Non-GAAP	\$	1.10	\$	3.48	
Shares used in diluted net income per share calculation		300		299	

- **A** For the three and nine months ended March 31, 2017, Revenue has been adjusted on a non-GAAP basis for changes in the sales provision for discontinued products.
- **B** For the three and nine months ended March 31, 2017, Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, accelerated depreciation, the write off of certain fixed assets related to restructuring and other charges.
- C For the three and nine months ended March 31, 2017, Product development expenses have been adjusted on a non-GAAP basis to exclude accelerated depreciation and the write off of certain fixed assets related to restructuring and other charges.
- **D** For the three and nine months ended March 31, 2017, Marketing and administrative expenses have been adjusted on a non-GAAP basis primarily to reflect the impact of certain strategic development costs and the write off of certain fixed assets.
- **E** For the three and nine months ended March 31, 2017, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.
- **F** For the three and nine months ended March 31, 2017, Restructuring and other net, has been adjusted on a non-GAAP basis primarily related to reductions in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.
- **G** For the nine months ended March 31, 2017, Other expense, net has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.
- **H** For the three and nine months ended March 31, 2017, Provision for income taxes represents the tax effects of non-GAAP adjustments determined using a hybrid with and without method and effective tax rate for the applicable adjustment and jurisdiction.