

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	September 30, 2011	July 1, 2011 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,474	\$ 2,677
Short-term investments	426	474
Restricted cash and investments	88	102
Accounts receivable, net	1,449	1,495
Inventories	825	872
Deferred income taxes	97	99
Other current assets	<u>639</u>	<u>706</u>
Total current assets	5,998	6,425
Property, equipment and leasehold improvements, net	2,190	2,245
Deferred income taxes	374	374
Other assets, net	<u>170</u>	<u>181</u>
Total Assets	<u>\$ 8,732</u>	<u>\$ 9,225</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,674	\$ 2,063
Accrued employee compensation	142	199
Accrued warranty	182	189
Accrued expenses	469	438
Accrued income taxes	12	14
Current portion of long-term debt	<u>560</u>	<u>560</u>
Total current liabilities	3,039	3,463
Long-term accrued warranty	152	159
Long-term accrued income taxes	73	67
Other non-current liabilities	119	121
Long-term debt, less current portion	<u>2,924</u>	<u>2,952</u>
Total Liabilities	6,307	6,762
Shareholders' equity:		
Total Shareholders' Equity	<u>2,425</u>	<u>2,463</u>
Total Liabilities and Shareholders' Equity	<u>\$ 8,732</u>	<u>\$ 9,225</u>

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

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

	For the Three Months Ended	
	September 30,	October 1,
	2011	2010
Revenue	\$ 2,811	\$ 2,697
Cost of revenue	2,262	2,147
Product development	208	209
Marketing and administrative	105	105
Amortization of intangibles	—	1
Restructuring and other, net	—	4
Total operating expenses	<u>2,575</u>	<u>2,466</u>
Income from operations	236	231
Interest income	1	2
Interest expense	(69)	(46)
Other, net	(16)	(34)
Other expense, net	<u>(84)</u>	<u>(78)</u>
Income before income taxes	152	153
Provision for income taxes	12	4
Net income	<u>\$ 140</u>	<u>\$ 149</u>
Net income per share:		
Basic	\$ 0.33	\$ 0.32
Diluted	0.32	0.31
Number of shares used in per share calculations:		
Basic	421	471
Diluted	433	487

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

	For the Three Months Ended	
	September 30, 2011	October 1, 2010
OPERATING ACTIVITIES		
Net income	\$ 140	\$ 149
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	182	189
Share-based compensation	12	13
Loss on redemption of debt	5	24
Gain on sale of property and equipment	(10)	—
Deferred income taxes	—	8
Other non-cash operating activities, net	10	(7)
Changes in operating assets and liabilities:		
Accounts receivable, net	49	(111)
Inventories	47	14
Accounts payable	(298)	159
Accrued employee compensation	(57)	(136)
Accrued expenses, income taxes and warranty	12	10
Other assets and liabilities	<u>68</u>	<u>(67)</u>
Net cash provided by operating activities	<u>160</u>	<u>245</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(218)	(358)
Proceeds from the sale of property and equipment	8	—
Purchases of short-term investments	(254)	(80)
Sales of short-term investments	214	38
Maturities of short-term investments	87	11
Change in restricted cash and investments	14	12
Other investing activities, net	<u>—</u>	<u>(2)</u>
Net cash used in investing activities	<u>(149)</u>	<u>(379)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt and capital lease obligations	(34)	(362)
Repurchases of ordinary shares	(128)	—
Proceeds from issuance of ordinary shares under employee stock plans	26	16
Dividends to shareholders	<u>(78)</u>	<u>—</u>
Net cash used in financing activities	<u>(214)</u>	<u>(346)</u>
Decrease in cash and cash equivalents	(203)	(480)
Cash and cash equivalents at the beginning of the period	<u>2,677</u>	<u>2,263</u>
Cash and cash equivalents at the end of the period	<u>\$ 2,474</u>	<u>\$ 1,783</u>

Use of non-GAAP financial information

To supplement the condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP measures of net income and diluted net income per share, which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures are 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 the Company believes are not indicative of its core operating results and because it is consistent 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 the Company's industry.

SEAGATE TECHNOLOGY PLC
ADJUSTMENTS TO GAAP NET INCOME AND DILUTED NET INCOME PER SHARE
(In millions, except per share amounts)
(Unaudited)

	For the Three Months Ended	
	September 30, 2011	October 1, 2010
GAAP net income	\$ 140	\$ 149
Non-GAAP adjustments:		
Total operating expenses	A (6)	7
Other expense, net	B <u>12</u>	<u>24</u>
Non-GAAP net income	<u>\$ 146</u>	<u>\$ 180</u>
Diluted net income per share:		
GAAP	\$ 0.32	\$ 0.31
Non-GAAP	\$ 0.34	\$ 0.37
Shares used in diluted net income per share calculation:	433	487

A For the three months ended September 30, 2011, Product development and Marketing and administrative expenses on a GAAP basis totaled \$313 million for the September quarter, while non-GAAP Product development and Marketing and administrative expenses, which excludes the net impact of certain adjustments was \$319 million. The non-GAAP adjustments reflect the net impact from the reversal of previously accrued litigation costs and a gain on the sale of a building, offset by costs associated with the previously announced transaction with Samsung and an adjustment to the expected exit costs related to certain sub-leased facilities.

For the three months ended October 2, 2010, non-GAAP adjustments to Total operating expense reflect the impact from amortization of purchased intangible assets acquired in acquisitions and an adjustment to exit costs related to certain sub-leased facilities.

B For the three months ended September 30, 2011, non-GAAP adjustments to Other expense for the quarter on a GAAP basis was an expense of \$84 million, which includes a \$5 million loss related to the early retirement of \$30 million of the principal amount of our 10% secured notes and a \$7 million write-down of an equity investment. Excluding these items, non-GAAP other income and expense was \$72 million.

For the three months ended October 1, 2010, non-GAAP adjustments to Other expense, net reflect a \$24 million loss related to the early retirement of our 5.75% Subordinated Debentures and 2.375% Convertible Senior Notes.