

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

	December 30, 2011	July 1, 2011^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,825	\$ 2,677
Short-term investments	407	474
Restricted cash and investments	93	102
Accounts receivable, net	1,627	1,495
Inventories	827	872
Deferred income taxes	99	99
Other current assets	522	706
Total current assets	5,400	6,425
Property, equipment and leasehold improvements, net	2,210	2,245
Goodwill	468	31
Other intangible assets	576	1
Deferred income taxes	376	374
Other assets, net	141	149
Total Assets	\$ 9,171	\$ 9,225
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,461	\$ 2,063
Accrued employee compensation	255	199
Accrued warranty	218	189
Accrued expenses	438	452
Current portion of long-term debt	-	560
Total current liabilities	2,372	3,463
Long-term accrued warranty	183	159
Long-term accrued income taxes	75	67
Other non-current liabilities	151	121
Long-term debt, less current portion	2,925	2,952
Total Liabilities	5,706	6,762
Commitments and contingencies		
Shareholders' equity:		
Total Shareholders' Equity	3,465	2,463
Total Liabilities and Shareholders' Equity	\$ 9,171	\$ 9,225

(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		For the Six Months Ended	
	December 30, 2011	December 31, 2010	December 30, 2011	December 31, 2010
Revenue	3,195	\$ 2,719	\$ 6,007	\$ 5,417
Cost of revenue	2,185	2,190	4,448	4,338
Product development	259	213	467	422
Marketing and administrative	141	102	245	206
Amortization of intangibles	2	1	3	2
Restructuring and other, net	3	7	3	11
Total operating expenses	<u>2,590</u>	<u>2,513</u>	<u>5,166</u>	<u>4,979</u>
Income from operations	605	206	841	438
Interest income	2	2	3	4
Interest expense	(58)	(46)	(127)	(92)
Other, net	9	13	(8)	(22)
Other expense, net	<u>(47)</u>	<u>(31)</u>	<u>(132)</u>	<u>(110)</u>
Income before income taxes	558	175	709	328
Provision for income taxes	(5)	25	6	29
Net income	<u>563</u>	<u>\$ 150</u>	<u>\$ 703</u>	<u>\$ 299</u>
Net income per share:				
Basic	1.32	\$ 0.32	\$ 1.66	\$ 0.64
Diluted	1.28	0.31	1.61	0.61
Number of shares used in per share calculations				
Basic	427	469	424	470
Diluted	439	486	436	487

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

	For the Six Months Ended	
	December 30, 2011	December 31, 2010
OPERATING ACTIVITIES		
Net income	\$ 703	\$ 299
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	373	379
Share-based compensation	26	26
Loss on redemption of debt	5	24
(Gain) loss on sale of property and equipment	(14)	(3)
Deferred income taxes	(4)	27
Other non-cash operating activities, net	10	(6)
Changes in operating assets and liabilities:		
Accounts receivable, net	(130)	9
Inventories	181	(51)
Accounts payable	(500)	243
Accrued employee compensation	56	(134)
Accrued expenses, income taxes and warranty	(34)	20
Other assets and liabilities	207	(81)
Net cash provided by operating activities	<u>879</u>	<u>752</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(361)	(560)
Purchases of short-term investments	(309)	(145)
Sales of short-term investments	260	96
Maturities of short-term investments	115	13
Change in restricted cash and investments	9	17
Cash used in acquisition of Samsung HDD assets and liabilities	(561)	-
Other investing activities, net	4	(1)
Net cash used in investing activities	<u>(843)</u>	<u>(580)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt and capital lease obligations	(594)	(362)
Net proceeds from issuance of long-term debt	-	736
Repurchases of ordinary shares	(191)	(305)
Proceeds from issuance of ordinary shares under employee stock plans	51	24
Dividends to shareholders	(154)	-
Net cash (used in) provided by financing activities	<u>(888)</u>	<u>93</u>
(Decrease) increase in cash and cash equivalents	(852)	265
Cash and cash equivalents at the beginning of the period	2,677	2,263
Cash and cash equivalents at the end of the period	<u>\$ 1,825</u>	<u>\$ 2,528</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 December 30, 2011	For the Six Months Ended December 30, 2011
GAAP net income	\$ 563	\$ 703
Non-GAAP adjustments:		
Total operating expenses	A 25	19
Other expense, net	B -	12
Provision for (benefit from) income taxes	C (7)	(7)
Non-GAAP net income	<u>\$ 581</u>	<u>\$ 727</u>
Diluted net income per share:		
GAAP	\$ 1.28	\$ 1.61
Non-GAAP	\$ 1.32	\$ 1.67
Shares used in diluted net income per share calculation	439	436

A For the three months ended December 30, 2011, Total operating expenses on a GAAP basis totaled \$2,590 million, while Non-GAAP Total operating expenses, which excludes the net impact of certain adjustments was \$2,565 million. The non-GAAP adjustments include costs associated with the Samsung acquisition completed in December 2011, amortization expense of other intangible assets, an increase in expected exit costs related to certain leased facilities exited during the three months ended December 30, 2011, and an increase in reserves related to post-employment benefits related to existing restructuring plans.

For the six months ended December 30, 2011, Total operating expenses on a GAAP basis totaled \$5,166 million, while Non-GAAP Total operating expenses, which excludes the net impact of certain adjustments was \$5,147 million. The non-GAAP adjustments reflect the net impact from costs associated with the Samsung acquisition completed in December 2011, amortization expense of other intangible assets, adjustments to the expected exit costs related to certain leased and sub-leased facilities and an increase in reserves related to post-employment benefits related to existing restructuring plans, offset by the reversal of previously accrued litigation costs and a gain on the sale of a building.

B For the six months ended December 30, 2011, Non-GAAP adjustments to Other expense, net on a GAAP basis was an expense of 132 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 expense, net was \$120 million.

C For the three and six months ended December 30, 2011, Non-GAAP net income excludes \$7 million discrete tax item for release of valuation allowance on U.S. deferred tax assets associated with increases in the Company's forecasted U.S. taxable income.