

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

	July 1, 2011	July 2, 2010 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,677	\$ 2,263
Short-term investments	474	252
Restricted cash and investments	102	114
Accounts receivable, net	1,495	1,400
Inventories	872	757
Deferred income taxes	99	118
Other current assets	<u>706</u>	<u>514</u>
Total current assets	6,425	5,418
Property, equipment and leasehold improvements, net	2,245	2,263
Deferred income taxes	374	395
Other assets, net	<u>181</u>	<u>171</u>
Total assets	<u><u>\$ 9,225</u></u>	<u><u>\$ 8,247</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,063	\$ 1,780
Accrued employee compensation	199	263
Accrued warranty	189	189
Accrued expenses	438	422
Accrued income taxes	14	14
Current portion of long-term debt	<u>560</u>	<u>329</u>
Total current liabilities	3,463	2,997
Long-term accrued warranty	159	183
Long-term accrued income taxes	67	59
Other non-current liabilities	121	111
Long-term debt, less current portion	<u>2,952</u>	<u>2,173</u>
Total liabilities	6,762	5,523
Shareholders' equity:		
Total shareholders' equity	<u>2,463</u>	<u>2,724</u>
Total liabilities and shareholders' equity	<u><u>\$ 9,225</u></u>	<u><u>\$ 8,247</u></u>

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of July 2, 2010.

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

	For the Three Months Ended		For the Fiscal Years Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
Revenue	\$ 2,859	\$ 2,656	\$ 10,971	\$ 11,395
Cost of revenue	2,308	1,928	8,825	8,191
Product development	229	219	875	877
Marketing and administrative	128	115	445	437
Amortization of intangibles	—	4	2	27
Restructuring and other, net	4	16	18	66
Impairment of goodwill and other long-lived assets, net of recoveries	<u>—</u>	<u>(6)</u>	<u>—</u>	<u>57</u>
Total operating expenses	<u>2,669</u>	<u>2,276</u>	<u>10,165</u>	<u>9,655</u>
Income from operations	190	380	806	1,740
Interest income	1	2	7	6
Interest expense	(63)	(46)	(214)	(174)
Other, net	<u>1</u>	<u>4</u>	<u>(20)</u>	<u>(3)</u>
Other expense, net	<u>(61)</u>	<u>(40)</u>	<u>(227)</u>	<u>(171)</u>
Income before income taxes	129	340	579	1,569
Provision for (benefit from) income taxes	<u>10</u>	<u>(39)</u>	<u>68</u>	<u>(40)</u>
Net income	<u>\$ 119</u>	<u>\$ 379</u>	<u>\$ 511</u>	<u>\$ 1,609</u>
Net income per share:				
Basic	\$ 0.28	\$ 0.79	\$ 1.13	\$ 3.28
Diluted	0.27	0.76	1.09	3.14
Number of shares used in per share calculations:				
Basic	427	479	451	491
Diluted	444	500	467	514
Dividends declared per share	\$ 0.18	\$ —	\$ 0.18	\$ —

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

	For the Fiscal Years Ended	
	July 1, 2011	July 2, 2010
OPERATING ACTIVITIES		
Net income	\$ 511	\$ 1,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	754	780
Share-based compensation	51	57
Loss on redemption of debt	26	—
Gain on sale of property and equipment	(23)	(4)
Impairment of other long-lived assets, net of recoveries	—	57
Deferred income taxes	46	(36)
Other non-cash operating activities, net	15	38
Changes in operating assets and liabilities:		
Accounts receivable, net	(95)	(367)
Inventories	(115)	(170)
Accounts payable	386	2
Accrued employee compensation	(64)	119
Accrued expenses, income taxes and warranty	(28)	(169)
Other assets and liabilities	<u>(200)</u>	<u>16</u>
Net cash provided by operating activities	<u>1,264</u>	<u>1,932</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(843)	(639)
Proceeds from the sale of property and equipment	77	21
Purchases of short-term investments	(487)	(373)
Sales of short-term investments	159	119
Maturities of short-term investments	101	114
Change in restricted cash and investments	14	15
Other investing activities, net	<u>(2)</u>	<u>(9)</u>
Net cash used in investing activities	<u>(981)</u>	<u>(752)</u>
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	—	15
Repayment of short-term borrowings	—	(365)
Repayments of long-term debt and capital lease obligations	(377)	(462)
Net proceeds from issuance of long-term debt	1,324	587
Repurchases of ordinary shares	(822)	(584)
Change in restricted cash and investments	2	379
Proceeds from issuance of ordinary shares under employee stock plans	83	86
Dividends to shareholders	(74)	—
Other financing activities, net	<u>(5)</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>131</u>	<u>(344)</u>
Increase in cash and cash equivalents	414	836
Cash and cash equivalents at the beginning of the year	<u>2,263</u>	<u>1,427</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,677</u>	<u>\$ 2,263</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 July 1, 2011	For the Fiscal Year Ended July 1, 2011
	<u> </u>	<u> </u>
GAAP net income	\$ 119	\$ 511
Non-GAAP adjustments:		
Loss on redemption of debt	A —	26
Restructuring charges	B 4	18
Amortization of purchased intangible assets	C —	6
Acquisition costs	D 13	13
Gain on the sale of a facility	E (15)	(15)
Write-down of investment in equity securities	F 5	5
Adjustments for income taxes	G <u>—</u>	<u>14</u>
Non-GAAP net income	<u>\$ 126</u>	<u>\$ 578</u>
Diluted net income per share:		
GAAP	\$ 0.27	\$ 1.09
Non-GAAP	\$ 0.28	\$ 1.24
Shares used in diluted net income per share calculation:	444	467

A The fiscal year ended July 1, 2011, included a loss upon the partial redemption of the Company's 10.00% Senior Secured Second-Priority Notes due 2014, the loss upon redemption of its 5.75% Subordinated Debentures due March 2012 and its 2.375% Convertible Senior Notes due August 2012.

B For the three months and fiscal year ended July 1, 2011, the Company recorded restructuring charges associated with previously announced restructuring activities.

C The fiscal year ended July 1, 2011, amortization of purchased intangible assets acquired in acquisitions was allocated as follows:

	For the Three Months Ended July 1, 2011	For the Fiscal Year Ended July 1, 2011
	<u> </u>	<u> </u>
Cost of revenue	\$ —	\$ 4
Amortization of intangibles	<u>—</u>	<u>2</u>
Total amortization of purchased intangible assets	<u>\$ —</u>	<u>\$ 6</u>

D For the three months and fiscal year ended July 1, 2011, the Company recorded costs associated with the pending acquisition of certain assets of Samsung Electronics Co., Ltd.

E To exclude the gain on the sale of a facility, which was allocated as follows:

	For the Three Months Ended July 1, 2011	For the Fiscal Year Ended July 1, 2011
Cost of revenue	\$ (13)	\$ (13)
Operating expense	<u>(2)</u>	<u>(2)</u>
Total gain on the sale of a facility	<u>\$ (15)</u>	<u>\$ (15)</u>

F For the three months and fiscal year ended July 1, 2011, the Company recorded a write-down of investment in equity securities.

G To exclude the tax effects, where applicable, of adjustments to GAAP net income. In the fiscal year ended July 1, 2011, the Company recorded discrete tax charges of approximately \$14 million primarily as a result of information obtained during the March quarter related to ongoing negotiations with non-U.S. tax authorities on tax positions taken in prior fiscal years.