

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

	October 3, 2014	June 27, 2014 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,190	\$ 2,634
Short-term investments	11	20
Restricted cash and investments	4	4
Accounts receivable, net	1,909	1,729
Inventories	1,071	985
Deferred income taxes	125	126
Other current assets	273	279
Total current assets	5,583	5,777
Property, equipment and leasehold improvements, net	2,156	2,136
Goodwill	873	537
Other intangible assets, net	468	359
Deferred income taxes	499	499
Other assets, net	186	184
Total Assets	\$ 9,765	\$ 9,492
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,740	\$ 1,549
Accrued employee compensation	245	296
Accrued warranty	145	148
Accrued expenses	466	405
Total current liabilities	2,596	2,398
Long-term accrued warranty	128	125
Long-term accrued income taxes	87	90
Other non-current liabilities	199	127
Long-term debt	3,809	3,920
Total Liabilities	6,819	6,660
Equity:		
Total Equity	2,946	2,832
Total Liabilities and Shareholders' Equity	\$ 9,765	\$ 9,492

(a) The information as of June 27, 2014 was derived from the Company's audited Consolidated Balance Sheet as of June 27, 2014.

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

	For the Three Months Ended	
	October 3, 2014	September 27, 2013
Revenue	\$ 3,785	\$ 3,489
Cost of revenue	2,734	2,514
Product development	342	294
Marketing and administrative	216	181
Amortization of intangibles	31	20
Restructuring and other, net	6	2
Total operating expenses	<u>3,329</u>	<u>3,011</u>
Income from operations	456	478
Interest income	1	5
Interest expense	(54)	(44)
Other, net	(11)	1
Other expense, net	<u>(64)</u>	<u>(38)</u>
Income before income taxes	392	440
Provision for income taxes	11	13
Net income	<u>381</u>	<u>427</u>
Less: Net income attributable to noncontrolling interest	—	—
Net income attributable to Seagate Technology plc	<u>\$ 381</u>	<u>\$ 427</u>
Net income per share attributable to Seagate Technology plc ordinary shareholders:		
Basic	\$ 1.17	\$ 1.20
Diluted	1.13	1.16
Number of shares used in per share calculations:		
Basic	327	357
Diluted	337	368
Cash dividends declared per Seagate Technology plc ordinary share	\$ 0.43	\$ 0.38

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

	For the Three Months Ended	
	October 3, 2014	September 27, 2013
OPERATING ACTIVITIES		
Net income	\$ 381	\$ 427
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	218	228
Share-based compensation	42	27
Deferred income taxes	2	(1)
Gain on sale of property and equipment	—	(2)
Loss on repurchase of debt	14	—
Other non-cash operating activities, net	(2)	4
Changes in operating assets and liabilities:		
Accounts receivable, net	(179)	49
Inventories	(49)	(17)
Accounts payable	183	47
Accrued employee compensation	(51)	(115)
Accrued expenses, income taxes and warranty	29	37
Vendor non-trade receivables	21	—
Other assets and liabilities	(7)	(2)
Net cash provided by operating activities	<u>602</u>	<u>682</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(172)	(161)
Purchases of short-term investments	(5)	(87)
Sales of short-term investments	—	49
Maturities of short-term investments	14	32
Cash used in acquisition of business	(450)	—
Other investing activities, net	(6)	(19)
Net cash used in investing activities	<u>(619)</u>	<u>(186)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt	(124)	—
Repurchases of ordinary shares	(183)	(182)
Dividends to shareholders	(140)	(135)
Proceeds from issuance of ordinary shares under employee stock plans	39	39
Other financing activities, net	(12)	(4)
Net cash used in financing activities	<u>(420)</u>	<u>(282)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	(7)	2
(Decrease) increase in cash and cash equivalents	(444)	216
Cash and cash equivalents at the beginning of the period	2,634	1,708
Cash and cash equivalents at the end of the period	<u>\$ 2,190</u>	<u>\$ 1,924</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, diluted net income per share, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses, and operating income 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 our 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 we believe are not indicative of our 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 our 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	
	October 3, 2014	September 27, 2013
GAAP net income	\$ 381	\$ 427
Non-GAAP adjustments:		
Cost of revenue	A 12	20
Product development	B 4	3
Marketing and administrative	C 4	3
Amortization of intangibles	D 31	20
Restructuring and other, net	E 6	2
Other expense, net	F 15	(2)
Non-GAAP net income	<u>\$ 453</u>	<u>\$ 473</u>
Diluted net income per share:		
GAAP	\$ 1.13	\$ 1.16
Non-GAAP	\$ 1.34	\$ 1.29
Shares used in diluted net income per share calculation	\$ 337	\$ 368

A For the three months ended October 3, 2014, Cost of revenue on a GAAP basis totaled \$2.7 billion, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2.7 billion. The non-GAAP adjustments include amortization of intangibles and other acquisition related expenses associated with the December 2011 acquisition of Samsung Electronics Co., Ltd.'s hard disk drive business (the "Samsung HDD business"), the August 2012 acquisition of LaCie S.A. ("LaCie"), March 31, 2014 acquisition of Xyratex Ltd. ("Xyratex") and the September 2014 acquisition of LSI Corporation's ("LSI") Accelerated Solutions Division ("ASD") and Flash Components Division ("FCD") (collectively, the "Flash Business").

B For the three months ended October 3, 2014, Product development expense has been adjusted on a non-GAAP basis primarily to exclude the impact of acquisition and integration costs associated with the acquisition of LSI's Flash Business and Xyratex.

C For the three months ended October 3, 2014, Marketing and administrative expense has been adjusted on a non-GAAP basis primarily to exclude the impact of acquisition and integration costs associated with the acquisition of LSI's Flash Business, Xyratex, and LaCie.

D For the three months ended October 3, 2014, Amortization of intangibles primarily related to our acquisitions have been excluded on a non-GAAP basis.

E For the three months ended October 3, 2014, Restructuring and other, net, includes a restructuring charge recorded during the September 2014 quarter associated with a reduction in the work force.

F For the three months ended October 3, 2014, Other expense, net, has been adjusted on a non-GAAP basis primarily to exclude the net impact of losses recognized on the early redemption and repurchase of debt.