

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

	March 28, 2014	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,259	\$ 1,708
Short-term investments	47	480
Restricted cash and investments	4	101
Accounts receivable, net	1,633	1,670
Inventories	846	854
Deferred income taxes	116	115
Other current assets	246	484
Total current assets	5,151	5,412
Property, equipment and leasehold improvements, net	2,065	2,269
Goodwill	477	476
Other intangible assets, net	304	405
Deferred income taxes	467	456
Other assets, net	195	225
Total Assets	\$ 8,659	\$ 9,243
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,345	\$ 1,690
Accrued employee compensation	212	335
Accrued warranty	152	176
Accrued expenses	453	407
Current portion of long-term debt	—	3
Total current liabilities	2,162	2,611
Long-term accrued warranty	134	144
Long-term accrued income taxes	90	87
Other non-current liabilities	121	121
Long-term debt, less current portion	3,514	2,774
Total Liabilities	6,021	5,737
Equity:		
Total Equity	2,638	3,506
Total Liabilities and Equity	\$ 8,659	\$ 9,243

The information as of June 28, 2013 was derived from the Company's audited Consolidated Balance Sheet as of June 28, 2013.

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

	For the Three Months Ended		For the Nine Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Revenue	\$ 3,406	\$ 3,526	\$ 10,423	\$ 10,927
Cost of revenue	2,447	2,578	7,502	7,926
Product development	297	294	903	839
Marketing and administrative	190	168	561	457
Amortization of intangibles	26	20	71	59
Restructuring and other, net	2	1	20	2
Total operating expenses	2,962	3,061	9,057	9,283
Income from operations	444	465	1,366	1,644
Interest income	1	2	7	6
Interest expense	(52)	(53)	(145)	(163)
Other, net	(3)	16	44	41
Other expense, net	(54)	(35)	(94)	(116)
Income before income taxes	390	430	1,272	1,528
(Benefit from) provision for income taxes	(5)	14	22	38
Net income	395	416	1,250	1,490
Less: Net income attributable to noncontrolling interest	—	—	—	—
Net income attributable to Seagate Technology plc	\$ 395	\$ 416	\$ 1,250	\$ 1,490
Net income per share attributable to Seagate Technology plc ordinary shareholders:				
Basic	\$ 1.21	\$ 1.16	\$ 3.68	\$ 3.98
Diluted	1.17	1.13	3.56	3.86
Number of shares used in per share calculations:				
Basic	327	358	340	374
Diluted	338	369	351	386
Cash dividends declared per Seagate Technology plc ordinary share	\$ 0.43	\$ —	\$ 1.24	\$ 1.02

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

	For the Nine Months Ended	
	March 28, 2014	March 29, 2013
OPERATING ACTIVITIES		
Net income	\$ 1,250	\$ 1,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	668	651
Share-based compensation	87	56
Deferred income taxes	(17)	(14)
Gain on sale of investments	(32)	(51)
Gain on sale of property and equipment	(6)	(34)
Loss on redemption and repurchase of debt	7	31
Other non-cash operating activities, net	16	1
Changes in operating assets and liabilities:		
Restricted cash	104	—
Accounts receivable, net	32	769
Inventories	8	123
Accounts payable	(274)	(462)
Accrued employee compensation	(123)	(85)
Accrued expenses, income taxes and warranty	16	(124)
Vendor non-trade receivables	204	—
Other assets and liabilities	41	308
Net cash provided by operating activities	<u>1,981</u>	<u>2,659</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(428)	(658)
Proceeds from the sale of property and equipment	—	29
Proceeds from the sale of strategic investments	72	—
Purchases of short-term investments	(87)	(227)
Sales of short-term investments	463	201
Maturities of short-term investments	61	26
Cash used in acquisition of LaCie S.A., net of cash acquired	—	(36)
Other investing activities, net	(29)	(16)
Net cash provided by (used in) investing activities	<u>52</u>	<u>(681)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt and capital lease obligations	(64)	(421)
Net proceeds from issuance of long-term debt	791	—
Repurchases of ordinary shares	(1,886)	(1,612)
Dividends to shareholders	(417)	(381)
Proceeds from issuance of ordinary shares under employee stock plans	98	233
Escrow deposit for acquisition of noncontrolling shares of LaCie S.A.	—	(72)
Other financing activities, net	(5)	—
Net cash used in financing activities	<u>(1,483)</u>	<u>(2,253)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>1</u>	<u>1</u>
Increase (decrease) in cash and cash equivalents	551	(274)
Cash and cash equivalents at the beginning of the period	1,708	1,707
Cash and cash equivalents at the end of the period	<u>\$ 2,259</u>	<u>\$ 1,433</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)

		<u>For the Three Months Ended March 28, 2014</u>	<u>For the Nine Months Ended March 28, 2014</u>
GAAP net income		\$ 395	\$ 1,250
Non-GAAP adjustments:			
Cost of revenue	A	11	48
Product development	B	—	6
Marketing and administrative	B	17	23
Amortization of intangibles	C	26	71
Restructuring and other, net	D	2	20
Other expense (income), net	E	2	(31)
Benefit from income taxes	F	—	(6)
Non-GAAP net income		<u>\$ 453</u>	<u>\$ 1,381</u>
Diluted net income per share:			
GAAP		\$ 1.17	\$ 3.56
Non-GAAP		\$ 1.34	\$ 3.93
Shares used in diluted net income per share calculation		338	351

A For the three and nine months ended March 28, 2014, Cost of revenue on a GAAP basis totaled \$2,447 million and \$7,502 million, respectively, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2,436 million and \$7,454 million, respectively. 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") and the August 2012 acquisition of LaCie S.A. ("LaCie").

B For the three and nine months ended March 28, 2014, Product development and Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the impact of acquisition costs associated with the March 31, 2014 acquisition of Xyratex Ltd., and acquisition and integration costs associated with the acquisitions of the Samsung HDD business and LaCie.

C For the three and nine months ended March 28, 2014, Amortization of intangibles related to our Samsung HDD business and LaCie acquisitions have been excluded on a non-GAAP basis.

D For the three and nine months ended March 28, 2014, Restructuring and other, net, primarily related to our existing restructuring plans have been excluded on a non-GAAP basis.

E For the three and nine months ended March 28, 2014, Other expense, net, has been adjusted on a non-GAAP basis primarily to exclude the impact of losses recognized on the early redemption of debt, partially offset by gains recognized upon the sale of certain strategic investments.

F For the nine months ended March 28, 2014, Benefit from income taxes has been adjusted on a non-GAAP basis primarily to exclude the impact related to the release of valuation allowance on U.S. deferred tax assets associated with increases in the Company's forecasted U.S. taxable income.