

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

	<u>July 1, 2016</u>	<u>July 3, 2015 (a)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,125	\$ 2,479
Short-term investments	6	6
Accounts receivable, net	1,318	1,735
Inventories	868	993
Deferred income taxes	—	122
Other current assets	216	233
Total current assets	<u>3,533</u>	<u>5,568</u>
Property, equipment and leasehold improvements, net	2,160	2,278
Goodwill	1,237	874
Other intangible assets, net	448	370
Deferred income taxes	616	496
Other assets, net	258	259
Total Assets	<u>\$ 8,252</u>	<u>\$ 9,845</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,517	\$ 1,540
Accrued employee compensation	184	256
Accrued warranty	104	135
Accrued expenses	444	412
Total current liabilities	<u>2,249</u>	<u>2,343</u>
Long-term accrued warranty	102	113
Long-term accrued income taxes	14	33
Other non-current liabilities	164	183
Long-term debt, less current portion	4,130	4,155
Total Liabilities	<u>6,659</u>	<u>6,827</u>
Equity:		
Total Equity	<u>1,593</u>	<u>3,018</u>
Total Liabilities and Equity	<u>\$ 8,252</u>	<u>\$ 9,845</u>

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of July 3, 2015.

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, 2016	July 3, 2015	July 1, 2016	July 3, 2015 (a)
Revenue	\$ 2,654	\$ 2,927	\$ 11,160	\$ 13,739
Cost of revenue	1,992	2,151	8,545	9,930
Product development	307	324	1,237	1,353
Marketing and administrative	143	203	635	857
Amortization of intangibles	29	34	123	129
Restructuring and other, net	80	9	175	32
Gain on arbitration award, net	—	—	—	(620)
Total operating expenses	<u>2,551</u>	<u>2,721</u>	<u>10,715</u>	<u>11,681</u>
Income from operations	103	206	445	2,058
Interest income	1	2	3	6
Interest expense	(51)	(55)	(193)	(207)
Other, net	1	(4)	19	113
Other income (expense), net	<u>(49)</u>	<u>(57)</u>	<u>(171)</u>	<u>(88)</u>
Income before income taxes	54	149	274	1,970
Provision for (benefit from) income taxes	(16)	11	26	228
Net income	<u>\$ 70</u>	<u>\$ 138</u>	<u>\$ 248</u>	<u>\$ 1,742</u>
Net income per share:				
Basic	\$ 0.23	\$ 0.44	\$ 0.83	\$ 5.38
Diluted	0.23	0.43	0.82	5.26
Number of shares used in per share calculations:				
Basic	299	316	299	324
Diluted	300	323	302	331
Cash dividends declared per share	\$ 0.63	\$ 0.54	\$ 2.43	\$ 2.05

(a) The information in this column was derived from the Company's audited Consolidated Statement of Operations for the year ended July 3, 2015.

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

	For the Fiscal Years Ended	
	July 1, 2016	July 3, 2015 (a)
OPERATING ACTIVITIES		
Net income	\$ 248	\$ 1,742
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	815	841
Share-based compensation	120	137
(Gain) Loss on redemption and repurchase of debt	(3)	74
Loss on sale of property and equipment	—	2
Impairment of other long-lived assets	26	—
Deferred income taxes	(2)	2
Other non-cash operating activities, net	12	(9)
Changes in operating assets and liabilities:		
Restricted cash and investments	—	(3)
Accounts receivable, net	464	(2)
Inventories	145	29
Accounts payable	(24)	(58)
Accrued employee compensation	(78)	(40)
Accrued expenses, income taxes and warranty	(42)	(112)
Vendor non-trade receivables	—	47
Other assets and liabilities	(1)	(3)
Net cash provided by operating activities	<u>1,680</u>	<u>2,647</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(587)	(747)
Proceeds from the sale of strategic investments	1	—
Purchases of short-term investments	—	(5)
Sales of short-term investments	—	4
Maturities of short-term investments	—	19
Cash used in acquisition of businesses, net of cash acquired	(634)	(453)
Other investing activities, net	9	(105)
Net cash used in investing activities	<u>(1,211)</u>	<u>(1,287)</u>
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	—	1,196
Redemption and repurchase of debt	(22)	(1,026)
Proceeds from issuance of ordinary shares under employee stock plans	79	98
Dividends to shareholders	(727)	(664)
Taxes paid related to net share settlement of equity awards	(56)	—
Repurchases of ordinary shares	(1,090)	(1,087)
Other financing activities, net	(4)	(12)
Net cash used in financing activities	<u>(1,820)</u>	<u>(1,495)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>(3)</u>	<u>(20)</u>
Decrease in cash and cash equivalents	(1,354)	(155)
Cash and cash equivalents at the beginning of the year	2,479	2,634
Cash and cash equivalents at the end of the year	<u>\$ 1,125</u>	<u>\$ 2,479</u>

(a) The information in this column was derived from the Company's audited Consolidated Statement of Cash Flows for the year ended July 3, 2015.

Use of non-GAAP financial information

The Company uses non-GAAP measures of gross margin, net income and diluted earnings per share which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures may be 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 it 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 its 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 July 1, 2016</u>	<u>For the Fiscal Year Ended July 1, 2016</u>
Reconciliation of GAAP Net Income:		
GAAP Net Income	\$ 70	\$ 248
Non-GAAP adjustments:		
Revenue	A (1)	(4)
Cost of revenue	B 23	130
Product development	C 5	16
Marketing and administrative	D 3	27
Amortization of intangibles	E 28	117
Restructuring and other, net	F 80	175
Other income (expense), net	G (1)	(25)
Non-GAAP net income	<u>\$ 207</u>	<u>\$ 684</u>
Reconciliation of GAAP Diluted Net Income Per Share:		
GAAP	\$ 0.23	\$ 0.82
Non-GAAP	\$ 0.69	\$ 2.26
Shares used in diluted net income per share calculation	300	302

A For the three months and fiscal year ended July 1, 2016, Revenue has been adjusted on a non-GAAP basis to exclude revenue associated with our disposed data services business and sales return provision for certain products that will be discontinued.

B For the three months and fiscal year ended July 1, 2016, Cost of revenue on a GAAP basis totaled \$2.0 billion and \$8.5 billion, respectively, while non-GAAP Cost of revenue, which excludes the impact of certain adjustments, was \$2.0 billion and \$8.4 billion, respectively. These non-GAAP adjustments exclude amortization of intangibles associated with acquisitions, recognition of certain terminated contracts and write down of inventory, other acquisition related expenses, and write off of certain fixed assets.

C For the three months and fiscal year ended July 1, 2016, Product development expense has been adjusted on a non-GAAP basis to exclude the impact of integration costs associated with acquisitions and write off of certain fixed assets.

D For the three months and fiscal year ended July 1, 2016, Marketing and administrative expense has been adjusted on a non-GAAP basis primarily to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions, and marketing and administrative expenses of our disposed data services business.

E For the three months and fiscal year ended July 1, 2016, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

F For the three months and fiscal year ended July 1, 2016, Restructuring and other, net, has been adjusted on a non-GAAP basis primarily related to a reduction in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.

G For the three months and fiscal year ended July 1, 2016, Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the receipt of interest of \$33 million on the final arbitration award amount in the Company's case against Western Digital, the impact of net gains recognized on the early repurchase of debt, and the impairment of certain strategic investments.