



FISCAL Q1 2017

SUPPLEMENTAL FINANCIAL INFORMATION

October 19, 2016

Safe Harbor Statement

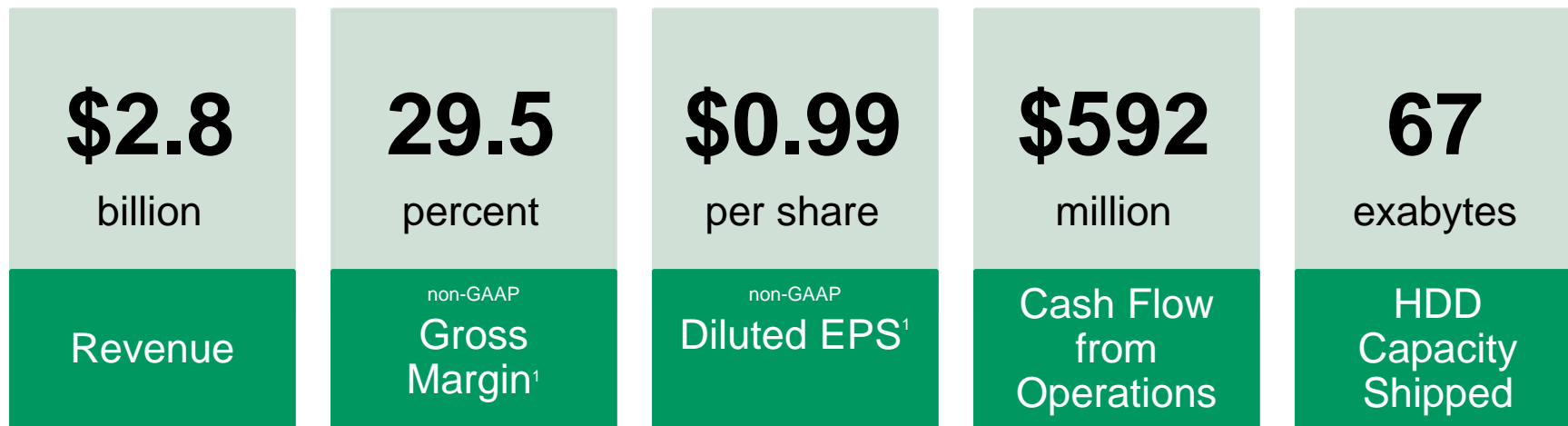
This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about the Company's plans, strategies and prospects and estimates of industry growth for the fiscal quarter ending December 30, 2016 and beyond as well as our plans with respect to future dividend payments. These statements identify prospective information and may include words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects" and similar expressions. These forward-looking statements are based on information available to the Company as of the date of this document and are based on management's current views and assumptions. These forward-looking statements are conditioned upon and also involve a number of known and unknown risks, uncertainties, and other factors that could cause actual results, performance or events to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company's control and may pose a risk to the Company's operating and financial condition. Such risks and uncertainties include, but are not limited to: the uncertainty in global economic conditions; the impact of the variable demand and adverse pricing environment for disk drives, particularly in view of current business and economic conditions; the Company's ability to successfully qualify, manufacture and sell its disk drive products in increasing volumes on a cost-effective basis and with acceptable quality, particularly the new disk drive products with lower cost structures; the impact of competitive product announcements; currency fluctuations that may impact the Company's margins and international sales; possible excess industry supply with respect to particular disk drive products; disruptions to its supply chain or production capabilities; unexpected advances in competing technologies; the development and introduction of products based on new technologies and expansion into new data storage markets; our ability to comply with certain covenants in our credit facilities with respect to financial ratios and financial condition tests; cyber-attacks or other data breaches that disrupt its operations or results in the dissemination of proprietary or confidential information; and the Company's ability to achieve projected cost savings in connection with restructuring plans and fluctuations in interest rates. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this document is contained in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 5, 2016, the "Risk Factors" section of which is incorporated into this document by reference, and other documents filed with or furnished to the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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 revenue, net income, diluted earnings per share, earnings per share, gross margin, gross margin as a percentage of revenue, operating expenses, free cash flow, EBITDA and Credit Agreement defined EBITDA 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. Free cash flow does not reflect all of the Company's expenses and non-cash items and does not reflect the Company's uses of cash in financing and investment activities.

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.

Q1 FY2017 Financial Highlights



1. See 'Reconciliation Tables' section for GAAP reconciliation.

Quarterly Financial Trends

| | Q1'15 | Q2'15 ² | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|--|--------|--------------------|--------|--------|--------|--------|----------|--------|--------|
| GAAP Results | | | | | | | | | |
| Revenue (\$M) | 3,785 | 3,696 | 3,330 | 2,927 | 2,925 | 2,986 | 2,595 | 2,654 | 2,797 |
| Gross Margin % | 27.8% | 27.8% | 28.7% | 26.5% | 23.6% | 24.8% | 20.2% | 24.9% | 28.6% |
| Operating Expenses (\$M) | 595 | (26) | 612 | 570 | 603 | 512 | 497 | 559 | 580 |
| Net Income (loss) (\$M) | 381 | 933 | 291 | 138 | 34 | 165 | (21) | 70 | 167 |
| Diluted EPS (LPS) | \$1.13 | \$2.78 | \$0.88 | \$0.43 | \$0.11 | \$0.55 | (\$0.07) | \$0.23 | \$0.55 |
| Non-GAAP Results¹ | | | | | | | | | |
| Revenue (\$M) | 3,785 | 3,696 | 3,330 | 2,927 | 2,927 | 2,985 | 2,591 | 2,653 | 2,797 |
| Gross Margin % | 28.1% | 28.2% | 28.9% | 27.2% | 24.2% | 25.6% | 22.7% | 25.8% | 29.5% |
| Operating Expenses (\$M) | 550 | 546 | 555 | 515 | 501 | 453 | 439 | 443 | 472 |
| Net Income (\$M) | 453 | 452 | 357 | 250 | 165 | 246 | 66 | 207 | 299 |
| Diluted EPS ³ | \$1.34 | \$1.35 | \$1.08 | \$0.77 | \$0.54 | \$0.82 | \$0.22 | \$0.69 | \$0.99 |
| End of Qtr Actual Share Count (M) | 327 | 329 | 318 | 315 | 299 | 296 | 298 | 299 | 299 |
| Diluted Shares O/S for EPS (M) | 337 | 336 | 330 | 323 | 308 | 301 | 298 | 300 | 301 |
| Dividend Per Share Paid | \$0.43 | \$0.54 | \$0.54 | \$0.54 | \$0.54 | \$0.63 | \$0.63 | \$0.63 | - |
| Shares Repurchased (M) | 3.1 | 0.3 | 12.0 | 3.2 | 20.0 | 2.9 | - | - | 3.0 |
| Fiscal YTD Shares Repurchased (M) | 3.1 | 3.4 | 15.4 | 18.6 | 20.0 | 23.0 | 23.0 | 23.0 | 3.0 |
| Revenue by Product Line (\$M)⁴ | | | | | | | | | |
| HDD | 3,582 | 3,471 | 3,098 | 2,713 | 2,722 | 2,727 | 2,371 | 2,455 | 2,589 |
| Enterprise Systems, Flash, and Other | 203 | 225 | 232 | 214 | 203 | 259 | 224 | 199 | 208 |
| Revenue by Channel | | | | | | | | | |
| OEM | 70% | 69% | 70% | 73% | 70% | 69% | 69% | 71% | 71% |
| Distributors | 18% | 18% | 18% | 15% | 18% | 16% | 16% | 16% | 17% |
| Retail | 12% | 13% | 12% | 12% | 12% | 15% | 15% | 13% | 12% |

1. See "Reconciliation Tables" section for GAAP reconciliation.

2. In Q2'15, Condensed Consolidated Statement of Operations includes the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

3. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

4. Minor changes and calculation variances to historical "Revenue by Product Line" are due to rounding.

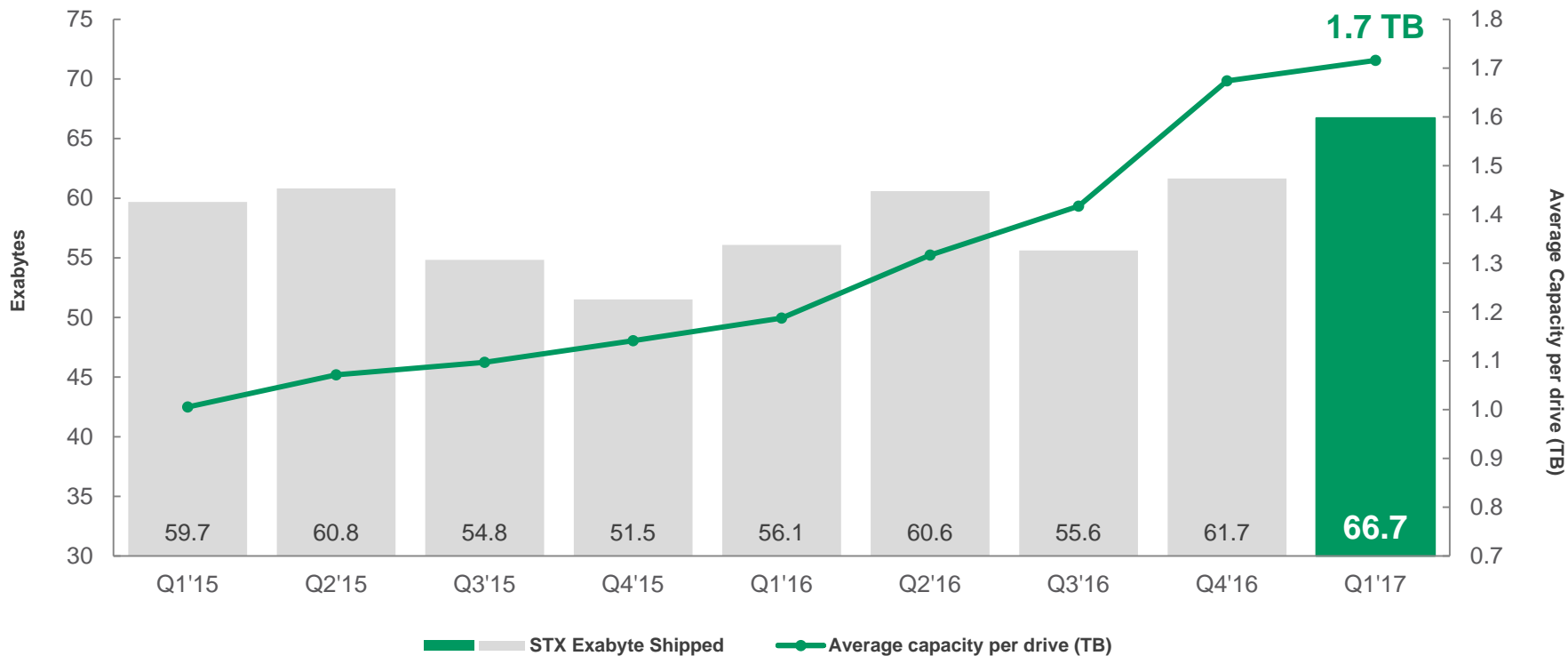
Product Mix Trends

| | | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Enterprise | | | | | | | | | | |
| Capacity (EB) | Mission Critical | 2.1 | 2.3 | 2.5 | 2.4 | 2.4 | 2.5 | 2.2 | 2.2 | 2.4 |
| | Nearline | 12.7 | 14.5 | 14.8 | 13.0 | 12.2 | 15.1 | 17.7 | 24.7 | 25.7 |
| Units (M) | Mission Critical | 3.9 | 4.0 | 4.3 | 3.8 | 3.8 | 3.7 | 3.2 | 3.0 | 3.2 |
| | Nearline | 4.7 | 5.0 | 4.7 | 4.3 | 3.9 | 4.5 | 4.5 | 5.5 | 5.5 |
| Client non-Compute | | | | | | | | | | |
| Capacity (EB) | CE + Consumer | 17.3 | 18.9 | 15.6 | 17.5 | 20.8 | 21.5 | 17.7 | 20.0 | 22.6 |
| Units (M) | CE | 9.4 | 10.1 | 7.7 | 9.4 | 10.6 | 7.9 | 5.9 | 7.8 | 9.6 |
| | Consumer | 5.8 | 6.0 | 5.1 | 4.8 | 5.2 | 6.3 | 5.2 | 4.7 | 4.7 |
| Client Compute | | | | | | | | | | |
| Capacity (EB) | Desktop + Notebook | 27.6 | 25.0 | 21.9 | 18.6 | 20.7 | 21.4 | 18.0 | 14.7 | 16.0 |
| Units (M) | Desktop | 18.7 | 16.0 | 14.3 | 11.9 | 12.4 | 11.7 | 10.8 | 8.6 | 9.1 |
| | Notebook | 16.9 | 15.6 | 13.9 | 11.0 | 11.3 | 11.9 | 9.7 | 7.3 | 6.8 |
| Total HDD Capacity (EB) | | 59.7 | 60.8 | 54.8 | 51.5 | 56.1 | 60.6 | 55.6 | 61.7 | 66.7 |
| Total HDD Units (M) | | 59.4 | 56.8 | 50.0 | 45.1 | 47.2 | 46.0 | 39.2 | 36.8 | 38.9 |
| Average Capacity per Drive (GB) | | 1,006 | 1,071 | 1,097 | 1,141 | 1,188 | 1,317 | 1,417 | 1,674 | 1,716 |
| Enterprise as a % of Total Revenue | | 30% | 32% | 36% | 35% | 33% | 34% | 37% | 41% | 41% |
| Client Compute as a % of Total Revenue | | 42% | 38% | 36% | 32% | 33% | 31% | 30% | 24% | 24% |

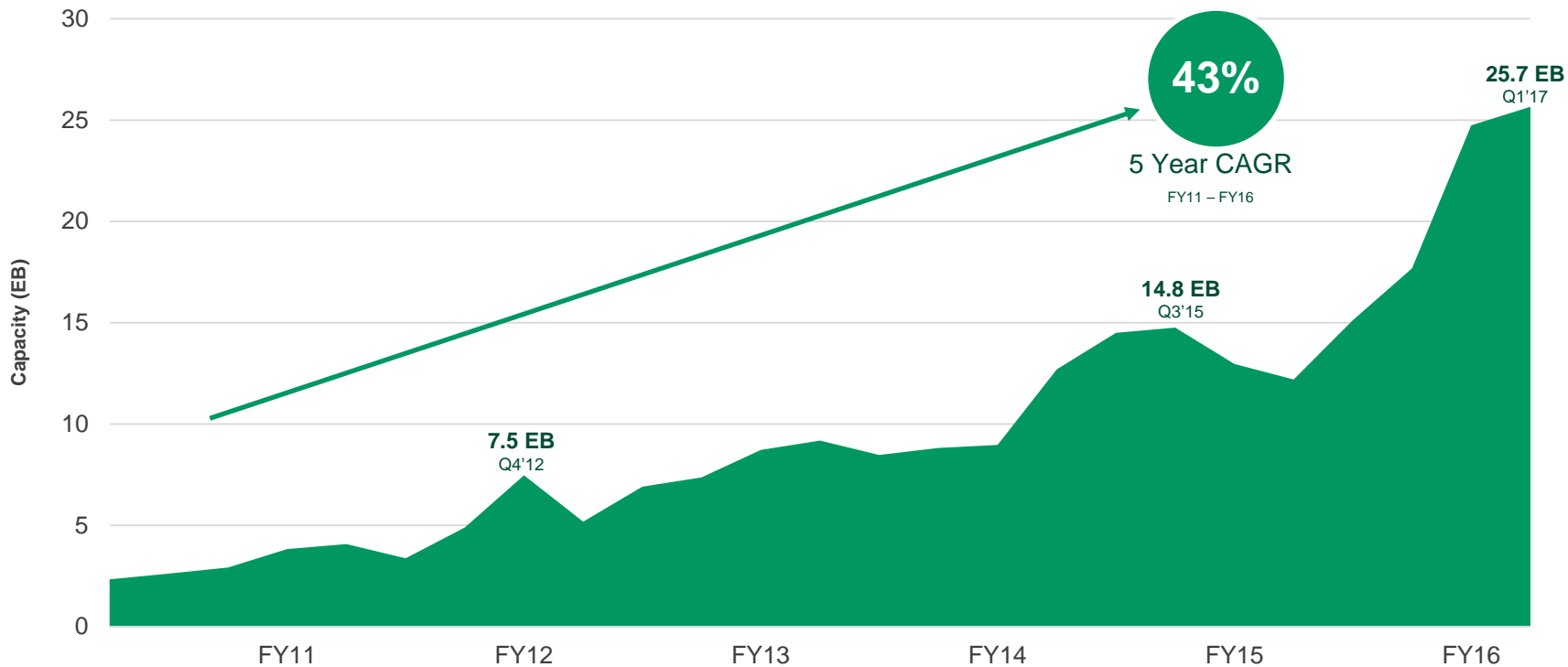
NOTE: Minor changes and calculation variances to historical units and exabytes are due to rounding.

1. For the periods presented, gaming units and exabytes in "Notebook" has been reclassified to "CE" to better align with current market trends.
2. "Consumer" was formerly named as "Branded".

Exabytes Shipped and Average Capacity per Drive



Nearline Demand Trend



NOTE: Minor changes and calculation variances to historical exabytes are due to rounding.

Cash Flow and Operational Trends

| | Q1'15 | Q2'15 ⁵ | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|--|--------|--------------------|--------|--------|--------|--------|--------|--------|--------|
| Cash ¹ (\$M) | 2,205 | 3,306 | 2,614 | 2,492 | 1,921 | 1,264 | 1,199 | 1,131 | 1,494 |
| Debt ⁷ (\$M) | 3,766 | 3,885 | 3,891 | 4,111 | 4,096 | 4,098 | 4,089 | 4,091 | 4,092 |
| Cash Flow From Operations (\$M) | 602 | 1,443 | 374 | 228 | 824 | 382 | 205 | 269 | 592 |
| Capital Expenditures ² (\$M) | 172 | 215 | 159 | 201 | 209 | 137 | 95 | 146 | 140 |
| Free Cash Flow ³ (\$M) | 430 | 1,228 | 215 | 27 | 615 | 245 | 110 | 123 | 452 |
| YTD Cash Flow From Operations ⁴ (\$M) | 602 | 2,045 | 2,419 | 2,647 | 824 | 1,206 | 1,411 | 1,680 | 592 |
| YTD Shares Repurchased ⁶ (\$M) | 183 | 201 | 907 | 1,087 | 983 | 1,090 | 1,090 | 1,090 | 101 |
| YTD Dividends ⁴ (\$M) | 140 | 317 | 493 | 664 | 163 | 351 | 539 | 727 | - |
| YTD Percent Return of OCF ⁴ | 54% | 25% | 58% | 66% | 139% | 119% | 115% | 108% | 17% |
| Days Sales Outstanding | 49 | 45 | 48 | 54 | 47 | 43 | 44 | 45 | 43 |
| Days Inventory Outstanding | 38 | 38 | 42 | 42 | 45 | 43 | 41 | 40 | 42 |
| Days Payables Outstanding | 62 | 59 | 65 | 64 | 77 | 71 | 66 | 69 | 71 |
| Cash Conversion Cycle | 25 | 24 | 25 | 32 | 15 | 14 | 19 | 16 | 13 |
| Worldwide Headcount | 54,049 | 54,840 | 53,602 | 52,346 | 51,079 | 50,048 | 46,673 | 45,487 | 44,455 |

NOTE: Minor calculation variances maybe due to rounding.

1. Beginning Q1'16, restricted cash is no longer classified as "Cash" in the Balance Sheet.

2. Cash paid for the acquisition of property, equipment, and leasehold improvements.

3. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures.

4. Based on Fiscal Year.

5. In Q2'15, cash flow amounts include the impact of the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

6. Based on Fiscal Year. For YTD Shares Repurchased through Fiscal Q2'16, \$1,061 million was paid in cash and \$29 million was accrued for as of January 1, 2016.

7. Debt has been adjusted for the adoption of the FASB guidance, ASU 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Cost, which requires debt issuance costs to be presented as a direct deduction from the carrying amount of the related liabilities.



RECONCILIATION TABLES

GAAP to Non-GAAP Reconciliations

| (\$ Millions) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| GAAP net income (loss) | \$381 | \$933 | \$291 | \$138 | \$34 | \$165 | (\$21) | \$70 | \$167 |
| <u>Non-GAAP adjustments</u> | | | | | | | | | |
| A. Revenue | - | - | - | - | 2 | (1) | (4) | (1) | - |
| B. Cost of revenue | 12 | 14 | 8 | 19 | 17 | 23 | 67 | 23 | 25 |
| C. Product development | 4 | 6 | 4 | 2 | 6 | 3 | 2 | 5 | - |
| C. Marketing and administrative | 4 | 7 | 7 | 12 | 4 | 10 | 9 | 3 | (1) |
| D. Amortization of intangibles | 31 | 32 | 32 | 32 | 33 | 29 | 27 | 28 | 27 |
| E. Restructuring and other, net | 6 | 3 | 14 | 9 | 59 | 17 | 20 | 80 | 82 |
| F. Gain on arbitration award, net | - | (620) | - | - | - | - | - | - | - |
| G. Other income (expense), net | 15 | (104) | 1 | 17 | 10 | - | (34) | (1) | (1) |
| H. Provision for (benefit from) income taxes | - | 181 | - | 21 | - | - | - | - | - |
| Non-GAAP net income | \$453 | \$452 | \$357 | \$250 | \$165 | \$246 | \$66 | \$207 | \$299 |
| <u>Diluted net income (loss) per share:</u> | | | | | | | | | |
| GAAP | \$1.13 | \$2.78 | \$0.88 | \$0.43 | \$0.11 | \$0.55 | (\$0.07) | \$0.23 | \$0.55 |
| Non-GAAP | \$1.34 | \$1.35 | \$1.08 | \$0.77 | \$0.54 | \$0.82 | \$0.22 | \$0.69 | \$0.99 |
| Shares used in diluted net income (loss) share calculation ¹ | 337 | 336 | 330 | 323 | 308 | 301 | 298 | 300 | 301 |

A. Revenue adjustments were not significant.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions and write off of certain fixed assets.

C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude the impact of our disposed data services business.

D. Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

E. 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.

F. In Q2'15, Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

G. Other income (expense), net, has been adjusted on a non-GAAP basis primarily to reflect the impact of our disposed data services business.

H. In Q2'15, Provision for (benefit from) income taxes, has been adjusted on a non-GAAP basis primarily to exclude the net tax expense associated with the final audit assessment from the Jiangsu Province State Tax Bureau of the People's Republic of China for changes to the Company's tax filings for the calendar years 2007 through 2013 and excludes tax items 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.

Non-GAAP gross margin and Non-GAAP gross margin %: Non-GAAP gross margin is defined as Revenue less Cost of revenue less non-GAAP adjustments to Revenue and Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Non-GAAP Revenue.

Non-GAAP operating expenses, Non-GAAP operating income and Non-GAAP operating margin: Non-GAAP operating expenses is defined as Product development, Marketing and administrative, Amortization of intangibles, Restructuring and other, net and Gain on arbitration award, net adjusted for non-GAAP items C through F noted in the table above. Non-GAAP operating income is defined as Income from operations adjusted for non-GAAP items A through F noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Non-GAAP Revenue.

1. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

GAAP to Adjusted EBITDA Reconciliations

| (\$ Millions) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|--|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income Before Income Taxes | \$392 | \$1,126 | \$304 | \$149 | \$31 | \$180 | \$9 | \$54 | \$173 |
| EBITDA adjustments | | | | | | | | | |
| Depreciation | 184 | 169 | 164 | 172 | 167 | 163 | 155 | 156 | 158 |
| Amortization | 34 | 39 | 39 | 40 | 41 | 46 | 43 | 44 | 42 |
| Interest Income | (1) | (1) | (1) | (2) | (1) | (1) | (1) | (1) | (1) |
| Interest Expense | 54 | 50 | 48 | 55 | 47 | 48 | 47 | 51 | 50 |
| EBITDA | \$663 | \$1,383 | \$554 | \$414 | \$285 | \$436 | \$253 | \$304 | \$422 |
| Non-GAAP adjustments | | | | | | | | | |
| A. Revenue | - | - | - | - | 2 | (1) | (4) | (1) | - |
| B. Cost of Revenue | 9 | 7 | 1 | 12 | 10 | 8 | 52 | 3 | (1) |
| C. Product Development | 4 | 6 | 4 | 2 | 6 | 3 | 2 | 2 | (0) |
| C. Marketing and administrative | 4 | 7 | 7 | 12 | 4 | 10 | 9 | 1 | (1) |
| D. Restructuring and other, net | 6 | 3 | 14 | 9 | 59 | 17 | 20 | 80 | 82 |
| E. Gain on arbitration award, net | - | (620) | - | - | - | - | - | - | - |
| F. Other income (expense), net | 15 | (104) | 1 | 17 | 10 | - | (34) | (1) | (1) |
| Adjusted EBITDA | \$701 | \$682 | \$581 | \$466 | \$376 | \$473 | \$298 | \$388 | \$501 |
| Stock Compensation Expense (\$M) | 42 | 31 | 33 | 31 | 33 | 32 | 30 | 25 | 40 |
| Credit Agreement Defined EBITDA¹ | \$743 | \$713 | \$614 | \$497 | \$409 | \$505 | \$328 | \$413 | \$541 |

A. Revenue adjustments were not significant.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, accelerated depreciation and write off of certain fixed assets.

C. Product development and Marketing and administrative expense has been adjusted on a non-GAAP basis to exclude, accelerated depreciation, and the impact of our disposed data services business.

D. 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.

E. In Q2'15, Gain on arbitration award, net, has been adjusted on a non-GAAP basis to exclude the final award amount of \$630 million, less litigation and other related costs of \$10 million, related to the arbitration award in the Company's case against Western Digital for the misappropriation of the Company's trade secrets.

F. Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the impact our disposed data services business.

1. Credit Agreement Defined EBITDA includes the adjustment for expense related to stock compensation.

Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit

| | (\$M) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Gross Profit | | 1,051 | 1,027 | 955 | 776 | 689 | 741 | 524 | 662 | 801 |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | | - | - | - | - | 4 | 4 | 52 | 6 | 16 |
| Amortization of acquired intangible assets | | 3 | 7 | 7 | 7 | 6 | 15 | 15 | 15 | 13 |
| Other charges | | 9 | 7 | 1 | 12 | 9 | 3 | (4) | 1 | (4) |
| Non-GAAP Gross Profit | | 1,063 | 1,041 | 963 | 795 | 708 | 763 | 587 | 684 | 826 |
| Gross Margin | | 27.8% | 27.8% | 28.7% | 26.5% | 23.6% | 24.8% | 20.2% | 24.9% | 28.6% |
| Non-GAAP Gross Margin | | 28.1% | 28.2% | 28.9% | 27.2% | 24.2% | 25.6% | 22.7% | 25.8% | 29.5% |

Reconciliation of Operating Expenses to Non-GAAP Operating Expenses

| | (\$M) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Operating Expenses | | 595 | (26) | 612 | 570 | 603 | 512 | 497 | 559 | 580 |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | | (2) | - | - | (10) | - | (5) | - | (5) | (1) |
| Amortization of acquired intangible assets | | (31) | (32) | (32) | (32) | (33) | (29) | (27) | (28) | (27) |
| Gain on arbitration award, net | | - | 620 | - | - | - | - | - | - | - |
| Restructuring and Other, net | | (6) | (3) | (14) | (9) | (59) | (17) | (20) | (80) | (82) |
| Other | | (6) | (13) | (11) | (4) | (10) | (8) | (11) | (3) | 2 |
| Total Non-GAAP Operating Expenses | | 550 | 546 | 555 | 515 | 501 | 453 | 439 | 443 | 472 |

Reconciliation of Net Income to EBITDA

| | (\$M) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (Loss) | | 381 | 933 | 291 | 138 | 34 | 165 | (21) | 70 | 167 |
| Interest Income | | (1) | (1) | (1) | (2) | (1) | (1) | (1) | (1) | (1) |
| Interest Expense | | 54 | 50 | 48 | 55 | 47 | 48 | 47 | 51 | 50 |
| Income Tax Expense (Benefit) | | 11 | 193 | 13 | 11 | (3) | 15 | 30 | (16) | 6 |
| Depreciation and Amortization | | 218 | 208 | 203 | 212 | 208 | 209 | 198 | 200 | 200 |
| EBITDA | | 663 | 1,383 | 554 | 414 | 285 | 436 | 253 | 304 | 422 |

Reconciliation of Net Income (Loss) to Non-GAAP Net Income

| | (\$M) | Q1'15 | Q2'15 | Q3'15 | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (Loss) | | 381 | 933 | 291 | 138 | 34 | 165 | (21) | 70 | 167 |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | | 2 | - | - | 10 | 4 | 9 | 52 | 11 | 17 |
| Amortization of acquired intangible assets | | 34 | 39 | 39 | 39 | 39 | 44 | 42 | 43 | 40 |
| Gain on arbitration award, net | | - | (620) | - | - | - | - | - | - | - |
| Restructuring and Other, net | | 6 | 3 | 14 | 9 | 59 | 17 | 20 | 80 | 82 |
| Interest income on the final arbitration award settlement in the case against Western Digital | | - | (143) | - | - | - | - | (33) | - | - |
| Losses (gains) recognized on the early redemption and repurchase of debt | | 13 | 37 | - | 22 | - | - | (2) | - | - |
| Other charges | | 17 | 22 | 13 | 11 | 29 | 11 | 8 | 3 | (7) |
| Income tax adjustments | | - | 181 | - | 21 | - | - | - | - | - |
| Non-GAAP Net Income | | 453 | 452 | 357 | 250 | 165 | 246 | 66 | 207 | 299 |



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October 19, 2016