

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

	<u>April 1, 2016</u>	<u>July 3, 2015 (a)</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,193	\$ 2,479
Short-term investments	6	6
Accounts receivable, net	1,250	1,735
Inventories	928	993
Deferred income taxes	—	122
Other current assets	223	233
Total current assets	<u>3,600</u>	<u>5,568</u>
Property, equipment and leasehold improvements, net	2,165	2,278
Goodwill	1,238	874
Other intangible assets, net	492	370
Deferred income taxes	619	496
Other assets, net	260	259
Total Assets	<u>\$ 8,374</u>	<u>\$ 9,845</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,504	\$ 1,540
Accrued employee compensation	170	256
Accrued warranty	108	135
Accrued expenses	477	412
Total current liabilities	<u>2,259</u>	<u>2,343</u>
Long-term accrued warranty	97	113
Long-term accrued income taxes	28	33
Other non-current liabilities	177	183
Long-term debt	4,130	4,155
Total Liabilities	<u>6,691</u>	<u>6,827</u>
Equity:		
Total Equity	1,683	3,018
Total Liabilities and Equity	<u>\$ 8,374</u>	<u>\$ 9,845</u>

(a) The information as of July 3, 2015 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 Nine Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	\$ 2,595	\$ 3,330	\$ 8,506	\$ 10,811
Cost of revenue	2,071	2,375	6,553	7,778
Product development	298	346	930	1,029
Marketing and administrative	150	219	491	654
Amortization of intangibles	29	33	94	95
Restructuring and other, net	20	14	95	24
Gain on arbitration award, net	—	—	—	(620)
Total operating expenses	2,568	2,987	8,163	8,960
Income from operations	27	343	343	1,851
Interest income	1	1	2	4
Interest expense	(47)	(48)	(142)	(152)
Other, net	28	8	18	118
Other (expense) income, net	(18)	(39)	(122)	(30)
Income before income taxes	9	304	221	1,821
Provision for income taxes	30	13	43	216
Net income (loss)	\$ (21)	\$ 291	\$ 178	\$ 1,605
Net income (loss) per share:				
Basic	\$ (0.07)	\$ 0.90	\$ 0.59	\$ 4.92
Diluted	(0.07)	0.88	0.59	4.81
Number of shares used in per share calculations:				
Basic	298	323	300	326
Diluted	298	330	303	334
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.54	\$ 1.80	\$ 1.51

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

	<b>For the Nine Months Ended</b>	
	<b>April 1, 2016</b>	<b>April 3, 2015</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 178	\$ 1,605
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	615	629
Share-based compensation	95	106
Impairment of long-lived assets	25	—
Deferred income taxes	1	(3)
Loss on sale of property and equipment	—	1
(Gain) loss on redemption and repurchase of debt	(3)	52
Other non-cash operating activities, net	13	(9)
Changes in operating assets and liabilities:		
Accounts receivable, net	531	(36)
Inventories	85	(61)
Accounts payable	(31)	149
Accrued employee compensation	(92)	(40)
Accrued expenses, income taxes and warranty	1	(9)
Vendor non-trade receivables	17	30
Other assets and liabilities	(24)	5
Net cash provided by operating activities	<u>1,411</u>	<u>2,419</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(441)	(546)
Purchases of short-term investments	—	(5)
Sales of short-term investments	—	4
Maturities of short-term investments	—	19
Cash used in acquisition of business, net of cash acquired	(634)	(450)
Other investing activities, net	10	(90)
Net cash used in investing activities	<u>(1,065)</u>	<u>(1,068)</u>
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(22)	(536)
Net proceeds from issuance of long-term debt	—	498
Taxes paid related to net share settlement of equity awards	(55)	—
Repurchases of ordinary shares	(1,090)	(907)
Dividends to shareholders	(539)	(493)
Proceeds from issuance of ordinary shares under employee stock plans	78	91
Other financing activities, net	(4)	(12)
Net cash used in financing activities	<u>(1,632)</u>	<u>(1,359)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	—	(22)
(Decrease) in cash and cash equivalents	(1,286)	(30)
Cash and cash equivalents at the beginning of the period	2,479	2,634
Cash and cash equivalents at the end of the period	<u>\$ 1,193</u>	<u>\$ 2,604</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 earnings per share and gross margin, 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 (LOSS) AND DILUTED NET INCOME PER SHARE**  
(In millions, except per share amounts)  
(Unaudited)

		<b>For the Three Months Ended April 1, 2016</b>	<b>For the Nine Months Ended April 1, 2016</b>
GAAP net income (loss)		\$ (21)	\$ 178
Non-GAAP adjustments:			
Revenue	A	(4)	(3)
Cost of revenue	B	67	107
Product development	C	2	11
Marketing and administrative	D	9	23
Amortization of intangibles	E	27	89
Restructuring and other, net	F	20	96
Other expense (income), net	G	(34)	(24)
Non-GAAP net income		<u>\$ 66</u>	<u>\$ 477</u>
Diluted net income (loss) per share:			
GAAP		\$ (0.07)	\$ 0.59
Non-GAAP		\$ 0.22	\$ 1.57
Shares used in diluted net income (loss) per share calculation			
GAAP		298	303
Non-GAAP		299	303

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

**B** For the three and nine months ended April 1, 2016, Cost of revenue has been adjusted on a non-GAAP basis to 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 and nine months ended April 1, 2016, Product development expenses have been adjusted on a non-GAAP basis to exclude the impact of integration costs associated with acquisitions.

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

**E** For three and nine months ended April 1, 2016, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

**F** For three and nine months ended April 1, 2016, Restructuring and other net, primarily related to a reduction in our work force as a result of our ongoing focus on cost efficiencies in all areas of our business, has been excluded on a non-GAAP basis.

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