

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)
(Unaudited)

	<u>March 31,</u> <u>2017</u>	<u>July 1,</u> <u>2016 (a)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,026	\$ 1,125
Short-term investments	—	6
Accounts receivable, net	1,156	1,318
Inventories	1,038	868
Other current assets	240	216
Total current assets	5,460	3,533
Property, equipment and leasehold improvements, net	1,911	2,160
Goodwill	1,237	1,237
Other intangible assets, net	323	448
Deferred income taxes	605	616
Other assets, net	203	219
Total Assets	\$ 9,739	\$ 8,213
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,591	\$ 1,517
Accrued employee compensation	245	184
Accrued warranty	112	104
Current portion of long-term debt	158	—
Accrued expenses	683	444
Total current liabilities	2,789	2,249
Long-term accrued warranty	111	102
Long-term accrued income taxes	16	14
Other non-current liabilities	142	164
Long-term debt, less current portion	5,073	4,091
Total Liabilities	8,131	6,620
Total Equity	1,608	1,593
Total Liabilities and Equity	\$ 9,739	\$ 8,213

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of July 1, 2016.

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 31, 2017	April 1, 2016	March 31, 2017	April 1, 2016
Revenue	\$ 2,674	\$ 2,595	\$ 8,365	\$ 8,506
Cost of revenue	1,858	2,071	5,857	6,553
Product development	324	298	944	930
Marketing and administrative	150	150	457	491
Amortization of intangibles	28	29	85	94
Restructuring and other, net	48	20	164	95
Total operating expenses	2,408	2,568	7,507	8,163
Income from operations	266	27	858	343
Interest income	5	1	7	2
Interest expense	(60)	(47)	(160)	(142)
Other, net	1	28	(10)	18
Other expense, net	(54)	(18)	(163)	(122)
Income before income taxes	212	9	695	221
Provision for income taxes	18	30	37	43
Net income (loss)	\$ 194	\$ (21)	\$ 658	\$ 178
Net income (loss) per share:				
Basic	\$ 0.66	\$ (0.07)	\$ 2.22	\$ 0.59
Diluted	0.65	(0.07)	2.20	0.59
Number of shares used in per share calculations:				
Basic	296	298	297	300
Diluted	300	298	299	303
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63	\$ 1.89	\$ 1.80

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

	For the Nine Months Ended	
	March 31, 2017	April 1, 2016
OPERATING ACTIVITIES		
Net income	\$ 658	\$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	573	615
Share-based compensation	110	95
Impairment of long-lived assets	35	25
Deferred income taxes	12	1
Other non-cash operating activities, net	17	10
Changes in operating assets and liabilities:		
Accounts receivable, net	165	531
Inventories	(170)	85
Accounts payable	124	(31)
Accrued employee compensation	61	(92)
Accrued expenses, income taxes and warranty	69	1
Other assets and liabilities	19	(7)
Net cash provided by operating activities	<u>1,673</u>	<u>1,411</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(330)	(441)
Maturities of short-term investments	6	—
Cash used in acquisition of business, net of cash acquired	—	(634)
Other investing activities, net	(13)	10
Net cash used in investing activities	<u>(337)</u>	<u>(1,065)</u>
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(97)	(22)
Net proceeds from issuance of long-term debt	1,232	—
Taxes paid related to net share settlement of equity awards	(25)	(55)
Repurchases of ordinary shares	(248)	(1,090)
Dividends to shareholders	(374)	(539)
Proceeds from issuance of ordinary shares under employee stock plans	83	78
Other financing activities, net	—	(4)
Net cash provided by (used in) financing activities	<u>571</u>	<u>(1,632)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	<u>(8)</u>	<u>—</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	1,899	(1,286)
Cash, cash equivalents, and restricted cash at the beginning of the period	1,132	2,486
Cash, cash equivalents, and restricted cash at the end of the period	<u>\$ 3,031</u>	<u>\$ 1,200</u>

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 similar to the approach used in connection 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)

	For the Three Months Ended March 31, 2017	For the Nine Months Ended March 31, 2017
Reconciliation of GAAP Net Income:		
GAAP Net income	\$ 194	\$ 658
Non-GAAP adjustments:		
Revenue	A 1	(1)
Cost of revenue	B 24	79
Product development	C 30	31
Marketing and administrative	D 2	1
Amortization of intangibles	E 27	81
Restructuring and other, net	F 48	164
Other expense, net	G —	24
Provision for income taxes	H 3	3
Non-GAAP net income	\$ 329	\$ 1,040
Reconciliation of GAAP Diluted Net Income Per Share:		
GAAP	\$ 0.65	\$ 2.20
Non-GAAP	\$ 1.10	\$ 3.48
Shares used in diluted net income per share calculation	300	299

A For the three and nine months ended March 31, 2017, Revenue has been adjusted on a non-GAAP basis for changes in the sales provision for discontinued products.

B For the three and nine months ended March 31, 2017, Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, accelerated depreciation, the write off of certain fixed assets related to restructuring and other charges.

C For the three and nine months ended March 31, 2017, Product development expenses have been adjusted on a non-GAAP basis to exclude accelerated depreciation and the write off of certain fixed assets related to restructuring and other charges.

D For the three and nine months ended March 31, 2017, Marketing and administrative expenses have been adjusted on a non-GAAP basis primarily to reflect the impact of certain strategic development costs and the write off of certain fixed assets.

E For the three and nine months ended March 31, 2017, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

F For the three and nine months ended March 31, 2017, Restructuring and other net, has been adjusted on a non-GAAP basis primarily related to reductions in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.

G For the nine months ended March 31, 2017, Other expense, net has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.

H For the three and nine months ended March 31, 2017, Provision for income taxes represents the tax effects of non-GAAP adjustments determined using a hybrid with and without method and effective tax rate for the applicable adjustment and jurisdiction.