

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

	September 27, 2013	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,924	\$ 1,708
Short-term investments	489	480
Restricted cash and investments	108	101
Accounts receivable, net	1,618	1,670
Inventories	871	854
Deferred income taxes	114	115
Other current assets	501	484
Total current assets	5,625	5,412
Property, equipment and leasehold improvements, net	2,187	2,269
Goodwill	477	476
Other intangible assets, net	369	405
Deferred income taxes	457	456
Other assets, net	230	225
Total Assets	<u>\$ 9,345</u>	<u>\$ 9,243</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,683	\$ 1,690
Accrued employee compensation	220	335
Accrued warranty	171	176
Accrued expenses	439	407
Current portion of long-term debt	1	3
Total current liabilities	2,514	2,611
Long-term accrued warranty	147	144
Long-term accrued income taxes	93	87
Other non-current liabilities	130	121
Long-term debt, less current portion	2,772	2,774
Total Liabilities	5,656	5,737
Equity:		
Total Equity	3,689	3,506
Total Liabilities and Equity	<u>\$ 9,345</u>	<u>\$ 9,243</u>

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	
	September 27, 2013	September 28, 2012
Revenue	\$ 3,489	\$ 3,732
Cost of revenue	2,514	2,671
Product development	294	268
Marketing and administrative	181	150
Amortization of intangibles	20	19
Restructuring and other, net	2	—
Total operating expenses	<u>3,011</u>	<u>3,108</u>
Income from operations	478	624
Interest income	5	2
Interest expense	(44)	(55)
Other, net	1	29
Other expense, net	<u>(38)</u>	<u>(24)</u>
Income before income taxes	440	600
Provision for income taxes	<u>13</u>	<u>18</u>
Net income	427	582
Less: Net income attributable to noncontrolling interest	—	—
Net income attributable to Seagate Technology plc	<u>\$ 427</u>	<u>\$ 582</u>
Net income per share attributable to Seagate Technology plc ordinary shareholders:		
Basic	\$ 1.20	\$ 1.48
Diluted	1.16	1.42
Number of shares used in per share calculations:		
Basic	357	394
Diluted	368	409
Cash dividends declared per Seagate Technology plc ordinary share	\$ 0.38	\$ 0.32

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

	For the Three Months Ended	
	September 27, 2013	September 28, 2012
OPERATING ACTIVITIES		
Net income	\$ 427	\$ 582
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	228	212
Share-based compensation	27	17
Deferred income taxes	(1)	(5)
Gain on sale of investments	—	(33)
Gain on sale of property and equipment	(2)	(6)
Other non-cash operating activities, net	4	—
Changes in operating assets and liabilities:		
Accounts receivable, net	49	648
Inventories	(17)	110
Accounts payable	47	(373)
Accrued employee compensation	(115)	(132)
Accrued expenses, income taxes and warranty	37	(57)
Other assets and liabilities	(2)	169
Net cash provided by operating activities	<u>682</u>	<u>1,132</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(161)	(263)
Proceeds from the sale of property and equipment	—	4
Proceeds from the sale of strategic investments	—	41
Purchases of short-term investments	(87)	(74)
Sales of short-term investments	49	64
Maturities of short-term investments	32	5
Cash used in acquisition of LaCie S.A., net of cash acquired	—	(36)
Change in restricted cash and investments	—	(6)
Other investing activities, net	(19)	—
Net cash used in investing activities	<u>(186)</u>	<u>(265)</u>
FINANCING ACTIVITIES		
Repurchases of ordinary shares	(182)	(639)
Dividends to shareholders	(135)	(127)
Proceeds from issuance of ordinary shares under employee stock plans	39	157
Escrow deposit for acquisition of noncontrolling shares of LaCie S.A.	—	(72)
Other financing activities, net	(4)	—
Net cash used in financing activities	<u>(282)</u>	<u>(681)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	2	1
Increase in cash and cash equivalents	216	187
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>\$ 1,924</u>	<u>\$ 1,894</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 and gross margin as a percentage of revenue, 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)

	For the Three Months Ended	
	September 27, 2013	September 28, 2012
GAAP net income	\$ 427	\$ 582
Non-GAAP adjustments:		
Cost of revenue	A 20	20
Product development	B 3	4
Marketing and administrative	B 3	4
Amortization of intangibles	C 20	19
Restructuring and other, net	D 2	—
Other expense, net	E (2)	(35)
Non-GAAP net income	<u>\$ 473</u>	<u>\$ 594</u>
Diluted net income per share:		
GAAP	\$ 1.16	\$ 1.42
Non-GAAP	\$ 1.29	\$ 1.45
Shares used in diluted net income per share calculation	368	409

A For the three months ended September 27, 2013, Cost of revenue on a GAAP basis totaled \$2,514 million, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2,494 million. The non-GAAP adjustments include amortization of intangibles, 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 months ended September 27, 2013, Product development and Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the impact of acquisition and integration costs associated with the Samsung HDD business and LaCie.

C For the three months ended September 27, 2013, Amortization of intangibles related to our Samsung HDD business and LaCie acquisitions.

D For the three months ended September 27, 2013, Restructuring and other, net, primarily related to prior year restructuring plans, have been excluded on a non-GAAP basis.

E For the three months ended September 27, 2013, Other expense has been adjusted on a non-GAAP basis primarily to exclude the impact of a gain recognized upon sales of investments and gains from remeasurement of certain monetary assets.