

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

	December 27, 2013	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,293	\$ 1,708
Short-term investments	46	480
Restricted cash and investments	4	101
Accounts receivable, net	1,615	1,670
Inventories	948	854
Deferred income taxes	116	115
Other current assets	267	484
Total current assets	5,289	5,412
Property, equipment and leasehold improvements, net	2,128	2,269
Goodwill	477	476
Other intangible assets, net	329	405
Deferred income taxes	465	456
Other assets, net	202	225
Total Assets	<u>\$ 8,890</u>	<u>\$ 9,243</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,577	\$ 1,690
Accrued employee compensation	267	335
Accrued warranty	158	176
Accrued expenses	455	407
Current portion of long-term debt	—	3
Total current liabilities	2,457	2,611
Long-term accrued warranty	141	144
Long-term accrued income taxes	103	87
Other non-current liabilities	122	121
Long-term debt, less current portion	3,572	2,774
Total Liabilities	6,395	5,737
Equity:		
Total Equity	2,495	3,506
Total Liabilities and Equity	<u>\$ 8,890</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		For the Six Months Ended	
	December 27, 2013	December 28, 2012	December 27, 2013	December 28, 2012
Revenue	\$ 3,528	\$ 3,668	\$ 7,017	\$ 7,400
Cost of revenue	2,541	2,676	5,055	5,347
Product development	312	277	606	545
Marketing and administrative	190	139	371	289
Amortization of intangibles	25	20	45	39
Restructuring and other, net	16	1	18	1
Total operating expenses	<u>3,084</u>	<u>3,113</u>	<u>6,095</u>	<u>6,221</u>
Income from operations	444	555	922	1,179
Interest income	1	2	6	4
Interest expense	(49)	(55)	(93)	(111)
Other, net	46	(3)	47	27
Other expense, net	<u>(2)</u>	<u>(56)</u>	<u>(40)</u>	<u>(80)</u>
Income before income taxes	442	499	882	1,099
Provision for income taxes	14	7	27	25
Net income	428	492	855	1,074
Less: Net income attributable to noncontrolling interest	—	—	—	—
Net income attributable to Seagate Technology plc	<u>\$ 428</u>	<u>\$ 492</u>	<u>\$ 855</u>	<u>\$ 1,074</u>
Net income per share attributable to Seagate Technology plc ordinary shareholders:				
Basic	\$ 1.27	\$ 1.33	\$ 2.46	\$ 2.81
Diluted	1.24	1.30	2.39	2.73
Number of shares used in per share calculations:				
Basic	336	369	347	382
Diluted	346	379	357	394
Cash dividends declared per Seagate Technology plc ordinary share				
	\$ 0.43	\$ 0.70	\$ 0.81	\$ 1.02

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

	For the Six Months Ended	
	December 27, 2013	December 28, 2012
OPERATING ACTIVITIES		
Net income	\$ 855	\$ 1,074
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	457	430
Share-based compensation	57	36
Deferred income taxes	(15)	(11)
Gain on sale of investments	(32)	(33)
Gain on sale of property and equipment	(4)	(8)
Loss on redemption and repurchase of debt	—	6
Other non-cash operating activities, net	8	5
Changes in operating assets and liabilities:		
Restricted cash	104	—
Accounts receivable, net	51	683
Inventories	(94)	156
Accounts payable	(46)	(496)
Accrued employee compensation	(68)	(62)
Accrued expenses, income taxes and warranty	41	(97)
Vendor non-trade receivables	199	305
Other assets and liabilities	25	(12)
Net cash provided by operating activities	<u>1,538</u>	<u>1,976</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(304)	(427)
Proceeds from the sale of property and equipment	—	4
Proceeds from the sale of strategic investments	72	42
Purchases of short-term investments	(87)	(168)
Sales of short-term investments	463	125
Maturities of short-term investments	61	21
Cash used in acquisition of LaCie S.A., net of cash acquired	—	(36)
Other investing activities, net	(28)	(14)
Net cash provided by (used in) investing activities	<u>177</u>	<u>(453)</u>
FINANCING ACTIVITIES		
Repayments of long-term debt and capital lease obligations	—	(58)
Net proceeds from issuance of 3.75% Senior Notes	791	—
Repurchases of ordinary shares	(1,702)	(1,510)
Dividends to shareholders	(277)	(377)
Proceeds from issuance of ordinary shares under employee stock plans	61	168
Escrow deposit for acquisition of noncontrolling shares of LaCie S.A.	—	(72)
Other financing activities, net	(5)	—
Net cash used in financing activities	<u>(1,132)</u>	<u>(1,849)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>2</u>	<u>2</u>
Increase (decrease) in cash and cash equivalents	585	(324)
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>\$ 2,293</u>	<u>\$ 1,383</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)

		<u>For the Three Months Ended December 27, 2013</u>	<u>For the Six Months Ended December 27, 2013</u>
GAAP net income		\$ 428	\$ 855
Non-GAAP adjustments:			
Cost of revenue	A	17	37
Product development	B	3	6
Marketing and administrative	B	3	6
Amortization of intangibles	C	25	45
Restructuring and other, net	D	16	18
Other expense, net	E	(31)	(33)
Benefit from income taxes	F	(6)	(6)
Non-GAAP net income		<u>\$ 455</u>	<u>\$ 928</u>
Diluted net income per share:			
GAAP		\$ 1.24	\$ 2.39
Non-GAAP		\$ 1.32	\$ 2.60
Shares used in diluted net income per share calculation		346	357

A For the three and six months ended December 27, 2013, Cost of revenue on a GAAP basis totaled \$2,541 million and \$5,055 million, respectively, while non-GAAP Cost of revenue, which excludes the net impact of certain adjustments, was \$2,524 million and \$5,018 million, respectively. The non-GAAP adjustments include amortization of intangibles and 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 and six months ended December 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 and six months ended December 27, 2013, Amortization of intangibles related to our Samsung HDD business and LaCie acquisitions.

D For the three and six months ended December 27, 2013, Restructuring and other, net, includes a restructuring charge recorded during the December 2013 quarter associated with a reduction in the work force.

E For the three and six months ended December 27, 2013, Other expense, net, has been adjusted on a non-GAAP basis primarily to exclude the impact of a gain recognized upon the sale of certain strategic investments.

F For the three and six months ended December 27, 2013, Benefit from income taxes has been adjusted on a non-GAAP basis primarily to exclude the impact 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.