

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

	September 30, 2016	July 1, 2016 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,489	\$ 1,125
Short-term investments	5	6
Accounts receivable, net	1,307	1,318
Inventories	914	868
Deferred income taxes	—	—
Other current assets	213	216
Total current assets	3,928	3,533
Property, equipment and leasehold improvements, net	2,093	2,160
Goodwill	1,237	1,237
Other intangible assets, net	406	448
Deferred income taxes	615	616
Other assets, net	216	219
Total Assets	\$ 8,495	\$ 8,213
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,568	\$ 1,517
Accrued employee compensation	216	184
Accrued warranty	111	104
Accrued expenses	713	444
Total current liabilities	2,608	2,249
Long-term accrued warranty	105	102
Long-term accrued income taxes	11	14
Other non-current liabilities	155	164
Long-term debt	4,092	4,091
Total Liabilities	6,971	6,620
Equity:		
Total Equity	1,524	1,593
Total Liabilities and Equity	\$ 8,495	\$ 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	
	September 30, 2016	October 2, 2015
Revenue	\$ 2,797	\$ 2,925
Cost of revenue	1,996	2,236
Product development	315	328
Marketing and administrative	155	182
Amortization of intangibles	28	34
Restructuring and other, net	82	59
Total operating expenses	<u>2,576</u>	<u>2,839</u>
Income from operations	221	86
Interest income	1	1
Interest expense	(50)	(47)
Other, net	1	(9)
Other (expense) income, net	<u>(48)</u>	<u>(55)</u>
Income before income taxes	173	31
Provision for (benefit from) income taxes	6	(3)
Net income	<u>\$ 167</u>	<u>\$ 34</u>
Net income per share:		
Basic	\$ 0.56	\$ 0.11
Diluted	0.55	0.11
Number of shares used in per share calculations:		
Basic	299	302
Diluted	301	308
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.54

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

	For the Three Months Ended	
	September 30, 2016	October 2, 2015
OPERATING ACTIVITIES		
Net income	\$ 167	\$ 34
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	200	208
Share-based compensation	40	33
Deferred income taxes	1	—
Other non-cash operating activities, net	(7)	10
Changes in operating assets and liabilities:		
Accounts receivable, net	12	213
Inventories	(46)	(105)
Accounts payable	101	426
Accrued employee compensation	32	(60)
Accrued expenses, income taxes and warranty	89	63
Vendor non-trade receivables	(2)	16
Other assets and liabilities	5	(14)
Net cash provided by operating activities	<u>592</u>	<u>824</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(140)	(209)
Maturities of short-term investments	1	—
Net cash used in investing activities	<u>(139)</u>	<u>(209)</u>
FINANCING ACTIVITIES		
Redemption and repurchase of debt	—	(15)
Taxes paid related to net share settlement of equity awards	(23)	(53)
Repurchases of ordinary shares	(101)	(983)
Dividends to shareholders	—	(163)
Proceeds from issuance of ordinary shares under employee stock plans	35	40
Other financing activities, net	—	(4)
Net cash used in financing activities	<u>(89)</u>	<u>(1,178)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	—	(1)
Increase (decrease) in cash and cash equivalents	364	(564)
Cash and cash equivalents at the beginning of the period	1,125	2,479
Cash and cash equivalents at the end of the period	<u>\$ 1,489</u>	<u>\$ 1,915</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 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 its 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 September 30, 2016</u>	<u>For the Three Months Ended October 2, 2015</u>
Reconciliation of GAAP Net Income:		
GAAP Net Income	\$ 167	\$ 34
Non-GAAP adjustments:		
Revenue	A —	2
Cost of revenue	B 25	17
Product development	C —	6
Marketing and administrative	D (1)	4
Amortization of intangibles	E 27	33
Restructuring and other, net	F 82	59
Other expense (income), net	G (1)	10
Non-GAAP net income	<u>\$ 299</u>	<u>\$ 165</u>
Reconciliation of GAAP Diluted Net Income Per Share:		
GAAP	\$ 0.55	\$ 0.11
Non-GAAP	\$ 0.99	\$ 0.54
Shares used in diluted net income per share calculation	301	308

A For the three months ended October 2, 2015, Revenue has been adjusted on a non-GAAP basis to exclude sales return provision for certain products that will be discontinued.

B For the three months ended September 30, 2016, 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. For the three months ended October 2, 2015, Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, other acquisition related expenses, and write off of certain discontinued inventory and assets.

C For the three months ended October 2, 2015, 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 months ended September 30, 2016, Marketing and administrative expenses have been adjusted on a non-GAAP basis primarily to reflect the impact of our disposed data services business. For the three months ended October 2, 2015, Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets and the impact of integration costs associated with acquisitions.

E For the three months ended September 30, 2016 and October 2, 2015, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

F For the three months ended September 30, 2016 and October 2, 2015, 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 three months ended September 30, 2016, Other expense (income), net has been adjusted on a non-GAAP basis primarily to reflect the impact of our disposed data services business. For the three months ended October 2, 2015, Other expense (income), net has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.