

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

	<u>January 1, 2016</u>	<u>July 3, 2015 (a)</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,258	\$ 2,479
Short-term investments	6	6
Accounts receivable, net	1,398	1,735
Inventories	1,046	993
Deferred income taxes	—	122
Other current assets	223	233
Total current assets	<u>3,931</u>	<u>5,568</u>
Property, equipment and leasehold improvements, net	2,230	2,278
Goodwill	1,238	874
Other intangible assets, net	535	370
Deferred income taxes	617	496
Other assets, net	245	259
Total Assets	<u>\$ 8,796</u>	<u>\$ 9,845</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,759	\$ 1,540
Accrued employee compensation	175	256
Accrued warranty	119	135
Accrued expenses	486	412
Total current liabilities	<u>2,539</u>	<u>2,343</u>
Long-term accrued warranty	104	113
Long-term accrued income taxes	27	33
Other non-current liabilities	165	183
Long-term debt	4,140	4,155
Total Liabilities	<u>6,975</u>	<u>6,827</u>
Equity:		
Total Equity	1,821	3,018
Total Liabilities and Equity	<u>\$ 8,796</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 Six Months Ended	
	January 1, 2016	January 2, 2015	January 1, 2016	January 2, 2015
Revenue	\$ 2,986	\$ 3,696	\$ 5,911	\$ 7,481
Cost of revenue	2,245	2,669	4,482	5,403
Product development	304	341	632	683
Marketing and administrative	160	218	341	434
Amortization of intangibles	31	32	65	62
Restructuring and other, net	17	3	76	10
Gain on arbitration award, net	—	(620)	—	(620)
Total operating expenses	2,757	2,643	5,596	5,972
Income from operations	229	1,053	315	1,509
Interest income	1	1	2	3
Interest expense	(48)	(50)	(95)	(104)
Other, net	(2)	122	(11)	109
Other (expense) income, net	(49)	73	(104)	8
Income before income taxes	180	1,126	211	1,517
Provision for income taxes	15	193	13	203
Net income	\$ 165	\$ 933	\$ 198	\$ 1,314
Net income per share:				
Basic	\$ 0.55	\$ 2.84	\$ 0.66	\$ 4.02
Diluted	0.55	2.78	0.65	3.91
Number of shares used in per share calculations:				
Basic	299	328	301	327
Diluted	301	336	304	336
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.54	\$ 1.17	\$ 0.97

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

	For the Six Months Ended	
	January 1, 2016	January 2, 2015
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 198	\$ 1,314
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	417	426
Share-based compensation	65	73
Deferred income taxes	—	(4)
Loss on redemption and repurchase of debt	—	52
Other non-cash operating activities, net	11	3
Changes in operating assets and liabilities:		
Accounts receivable, net	384	(99)
Inventories	(32)	(107)
Accounts payable	257	209
Accrued employee compensation	(87)	(24)
Accrued expenses, income taxes and warranty	(5)	167
Vendor non-trade receivables	10	28
Other assets and liabilities	(12)	7
Net cash provided by operating activities	<u>1,206</u>	<u>2,045</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(346)	(387)
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	—	(34)
Net cash used in investing activities	<u>(980)</u>	<u>(853)</u>
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(15)	(535)
Net proceeds from issuance of long-term debt	—	498
Taxes paid related to net share settlement of equity awards	(54)	—
Repurchases of ordinary shares	(1,061)	(201)
Dividends to shareholders	(351)	(317)
Proceeds from issuance of ordinary shares under employee stock plans	41	49
Other financing activities, net	(4)	(12)
Net cash used in financing activities	<u>(1,444)</u>	<u>(518)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>(3)</u>	<u>(12)</u>
(Decrease) increase in cash and cash equivalents	(1,221)	662
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>\$ 1,258</u>	<u>\$ 3,296</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, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses, and operating income 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 January 1, 2016	For the Six Months Ended January 1, 2016
GAAP net income		\$ 165	\$ 198
Non-GAAP adjustments:			
Revenue	A	(1)	1
Cost of revenue	B	23	40
Product development	C	3	9
Marketing and administrative	D	10	14
Amortization of intangibles	E	29	62
Restructuring and other, net	F	17	76
Other expense, net	G	—	10
Non-GAAP net income		\$ 246	\$ 410
Diluted net income per share:			
GAAP		\$ 0.55	\$ 0.65
Non-GAAP		\$ 0.82	\$ 1.35
Shares used in diluted net income per share calculation		301	304

**A** For the three and six months ended January 1, 2016, Revenue has been adjusted on a non-GAAP basis for changes in the sales return provision for certain products that will be discontinued.

**B** For the three and six months ended January 1, 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 and discontinued inventory.

**C** For the three and six months ended January 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 six months ended January 1, 2016, 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 and six months ended January 1, 2016, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

**F** For the three and six months ended January 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 the six months ended January 1, 2016, Other expense, net has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.