

WESTERN DIGITAL CORPORATION
SUMMARY OF GAAP AND NON-GAAP GUIDANCE⁽¹⁾

(unaudited)

	Three Months Ending	
	Mar. 30, 2018	Mar. 30, 2018
	GAAP ⁽²⁾	Non-GAAP
Revenue	~ \$4.9B	~ \$4.9B
Gross Margin	37% - 38%	42% - 43%
Operating Expenses	\$975M - \$1B	\$840M - \$850M
Interest and Other Expense, Net	\$180M - \$185M	\$180M - \$185M
Tax Rate ⁽³⁾	N/A	5% - 7%
Diluted Earnings Per Share	N/A	\$3.20 - \$3.30
Diluted Shares Outstanding	~ 309M	~ 309M

	Twelve Months Ending	
	June 29, 2018	June 29, 2018
	GAAP	Non-GAAP
Revenue ⁽⁴⁾	High end of 4% to 8% growth	High end of 4% to 8% growth
Diluted Earnings Per Share ⁽⁵⁾	N/A	\$13.50 - \$14.00

	Twelve Months Ending	
	Dec. 28, 2018	Dec. 28, 2018
	GAAP	Non-GAAP
Revenue ⁽⁴⁾	High end of 4% to 8% growth	High end of 4% to 8% growth
Gross margin ⁽⁶⁾	N/A	Above 33% - 38% long-term model

	Long-Term Guidance	
	GAAP	Non-GAAP
Tax Rate ⁽³⁾⁽⁷⁾	N/A	High end or slightly above 7% to 12%

FOOTNOTES

- 1 This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the company's anticipated financial results for its third fiscal quarter 2018 ending March 30, 2018, full fiscal year 2018 ending June 29, 2018, and full calendar year 2018 ending December 28, 2018. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: volatility in global economic conditions; uncertainties with respect to the company's business ventures with Toshiba; business conditions and growth in the storage ecosystem; impact of competitive products and pricing; market acceptance and cost of commodity materials and specialized product components; actions by competitors; unexpected advances in competing technologies; our development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with acquisitions, mergers and joint ventures; difficulties or delays in manufacturing; impacts of new tax legislation; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's Form 10-Q filed with the SEC on November 7, 2017, to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to update these forward-looking statements to reflect new information or events.
- 2 The company's third quarter fiscal 2018 non-GAAP gross margin guidance excludes amortization of acquired intangible assets, stock-based compensation expense, and charges related to cost saving initiatives totaling approximately \$250 million. The company's non-GAAP operating expenses guidance excludes amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives and acquisition-related charges totaling approximately \$135 million to \$150 million. In the aggregate, non-GAAP diluted earnings per share guidance excludes these items totaling \$385 million to \$400 million. The timing and amount of these charges excluded from non-GAAP gross margin, non-GAAP operating expenses and non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from its non-GAAP tax rate and non-GAAP diluted earnings per share are dependent on the timing and determination of certain actions and cannot be reasonably predicted. Accordingly, full reconciliations of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP tax rate and non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (gross margin, operating expenses, tax rate and diluted earnings per share, respectively) are not available without unreasonable effort.
- 3 For additional information related to the current estimated impact to the company as a result of the Tax Cuts and Jobs Act, please refer to the company's Form 8-K filed with the SEC on January 25, 2018.
- 4 The company's fiscal and calendar 2018 revenue guidance is at the high end of the company's long-term model of 4% to 8% revenue growth from fiscal and calendar 2017, respectively.
- 5 The company's fiscal year 2018 non-GAAP diluted earnings per share guidance excludes the amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives; acquisition-related charges; debt extinguishment costs; other charges and income tax adjustments totaling approximately \$3.1 billion. Of this \$3.1 billion, there was a provisional income tax expense of \$1.66 billion recognized during second quarter fiscal year 2018 for the one-time mandatory deemed repatriation tax and a provisional income tax benefit of \$88 million recognized related to the re-measurement of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act. The timing and amount of other charges excluded from non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from this non-GAAP financial measure are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, a full reconciliation of non-GAAP diluted earnings per share to the most directly comparable GAAP diluted earnings per share is not available without unreasonable effort.
- 6 The company's calendar 2018 gross margin guidance is above the company's long-term model of 33% to 38% gross margin. This non-GAAP measure excludes amortization of acquired intangible assets; stock-based compensation expense; and charges related to cost saving initiatives totaling approximately \$960 million. The timing and amount of these charges excluded from non-GAAP gross margin cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from this non-GAAP financial measure are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, a full reconciliation of non-GAAP gross margin to the most directly comparable GAAP gross margin is not available without unreasonable effort.
- 7 The timing and amount of charges the company excludes from its non-GAAP tax rate for long-term guidance are dependent on the timing and determination of certain actions and cannot be reasonably predicted. Accordingly, a reconciliation of non-GAAP tax rate to the most directly comparable GAAP tax rate is not available without unreasonable effort.