

WESTERN DIGITAL CORPORATION

SUMMARY OF Q1 FISCAL YEAR 2018 AND CALENDAR YEAR 2017 GAAP AND NON-GAAP GUIDANCE⁽¹⁾

(in millions, except percentages and per share amounts; unaudited)

	Three Months Ended	
	Sep. 29, 2017 GAAP⁽²⁾	Sep. 29, 2017 Non-GAAP
Revenue	~ \$5,100	~ \$5,100
Gross Margin	~ 35%	~ 41%
Operating Expenses	\$960 to \$980	Similar to 4QFY17
Interest and Other Expense, Net	~ \$200	~ \$208
Tax Rate	N/A ⁽³⁾	7% to 9%
Diluted Earnings Per Share	N/A ⁽³⁾	\$3.25 to \$3.35
Diluted Shares Outstanding	~ 307	~ 307

	Twelve Months Ended	
	Dec. 29, 2017 GAAP⁽⁴⁾	Dec. 29, 2017 Non-GAAP
Diluted Earnings Per Share	N/A	In excess of \$12.00

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 first fiscal quarter 2018 ending September 29, 2017. 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: uncertainties with respect to the company's business ventures with Toshiba; volatility in global economic conditions; 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; 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 May 8, 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 Our non-GAAP gross margin excludes amortization of acquired intangible assets, stock-based compensation expense, and cost saving initiatives totaling approximately \$295 million. Our non-GAAP operating expenses excludes amortization of acquired intangible assets, stock-based compensation expense, employee termination, asset impairment and other charges, and charges related to cost saving initiatives totaling approximately \$150 million to \$170 million. Our non-GAAP interest and other expense, net excludes approximately \$8 million of other charges. The timing and amount of these charges excluded from non-GAAP gross margin, non-GAAP operating expenses and non-GAAP interest and other expense, cannot be further allocated or quantified with certainty and therefore, full reconciliations are not available without unreasonable effort.

- 3 The timing and amount of additional charges we exclude from our non-GAAP tax rate and diluted earnings per share guidance are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, reconciliations of non-GAAP tax rate and non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (tax rate and diluted earnings per share, respectively) are not available without unreasonable effort.

- 4 Our non-GAAP diluted earnings per share guidance excludes the amortization of acquired intangible assets and stock-based compensation expense of approximately \$1.6 billion. The timing and amount of additional charges we exclude from this non-GAAP financial measure are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, reconciliation of non-GAAP diluted earnings per share to the most directly comparable GAAP diluted earnings per share is not available without unreasonable effort.