

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

(unaudited)

	Three Months Ending	
	Dec. 29, 2017	Dec. 29, 2017
	GAAP ⁽²⁾	Non-GAAP
Revenue	~ \$5.3B	~ \$5.3B
Gross Margin	~ 38% - 39%	~ 43% - 44%
Operating Expenses	~ \$1.03B - \$1.06B	~ \$850M - \$860M
Interest and Other Expense, Net	~ \$190M - \$195M	~ \$190M - \$195M
Tax Rate	N/A	5% - 7%
Diluted Earnings Per Share	N/A	~ \$3.80
Diluted Shares Outstanding	~ 309M	~ 309M

	Twelve Months Ending	
	June 29, 2018	June 29, 2018
	GAAP ⁽³⁾	Non-GAAP
Revenue	High end of 4% to 8% growth ⁽⁴⁾	High end of 4% to 8% growth ⁽⁴⁾
Diluted Earnings Per Share	N/A	Exceeding \$13

	Twelve Months Ending	
	Dec. 28, 2018	Dec. 28, 2018
	GAAP ⁽⁵⁾	Non-GAAP
Revenue	High end of 4% to 8% growth ⁽⁶⁾	High end of 4% to 8% growth ⁽⁶⁾
Gross margin	N/A	Above 33% - 38% long-term model

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 second fiscal quarter 2018 ending December 29, 2017 and full fiscal year 2018 ending June 29, 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: uncertainties with respect to the NAND flash memory joint ventures; 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; the company's 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 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 second quarter fiscal 2018 non-GAAP gross margin guidance excludes amortization of acquired intangible assets, stock-based compensation expense, charges related to cost saving initiatives, and other charges totaling approximately \$290 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 \$190 million. In the aggregate, non-GAAP diluted earnings per share guidance excludes these items totaling \$480 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 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 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; other charges and income tax adjustments totaling approximately \$1.6 billion. The timing and amount of these 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.
- 4 The company's fiscal 2018 revenue guidance is at the high end of the company's long-term model of 4% to 8% revenue growth from fiscal 2017.
- 5 The company has not reconciled its calendar year 2018 non-GAAP gross margin guidance to the most directly comparable GAAP measure because material items that impact this measure are out of our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the calendar year 2018 non-GAAP gross margin guidance to the corresponding GAAP measure is not available without unreasonable effort.
- 6 The company's calendar 2018 revenue guidance is at the high end of the company's long-term model of 4% to 8% revenue growth from calendar 2017.