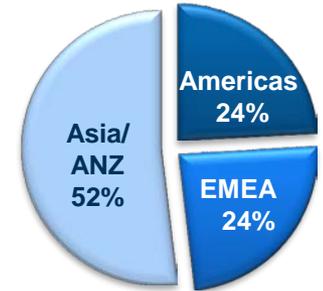


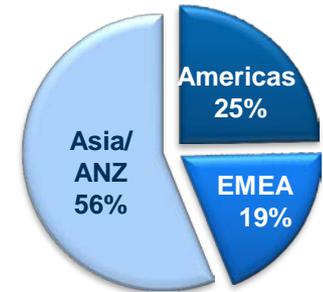
Amounts in millions;  
except per share amounts,  
ASP, percentages.

	Q3	Q4	Q1	Q2	Q3 FY13 <sup>6</sup>													
	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13	Low	High
<b>TAM</b>	111.4	135.4	152.4	160.4	163.3	156.2	164.0	167.5	159.5	165.8	176.3	119.1	146.4	156.7	139.1	135.7		
<b>Share</b>	28.3%	29.5%	28.9%	30.9%	31.3%	31.8%	30.9%	31.2%	31.2%	32.5%	32.8%	23.9%	30.2%	45.3%	44.9%	43.7%		
<b>Units (HDD)</b>	31.6	40.0	44.1	49.5	51.1	49.7	50.7	52.2	49.8	53.8	57.8	28.5	44.2	71.0	62.5	59.2		
<b>ASP (HDD)</b>	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47	\$45	\$44	\$46	\$69	\$68	\$65	\$62	\$62		
<b>Revenue</b>	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824	\$3,550	\$3,650
<b>Gross Profit</b>	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097		
<b>Gross Margin</b>	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.0%	29.6%	27.7%		
<b>R&amp;D</b>	\$125	\$132	\$142	\$154	\$160	\$154	\$167	\$169	\$179	\$188	\$193	\$191	\$265	\$406	\$396	\$378		
<b>SG&amp;A</b>	\$49	\$52	\$53	\$60	\$64	\$61	\$59	\$66	\$63	\$77	\$71	\$85	\$122	\$178	\$179	\$162		
<b>Other</b>	\$18	(\$23)	\$ -	\$ -	\$ -	\$27	\$ -	\$ -	\$10	\$32	\$18	\$210	\$48	\$80	\$26	\$41		
<b>Total Operating Expenses</b>	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$664	\$601	\$581	\$540	\$540
<b>Operating Income</b>	\$61	\$209	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$808	\$592	\$478		
<b>Net Income</b>	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335		
<b>EPS</b>	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61	\$1.96	\$2.87	\$2.06	\$1.36		
<b>Diluted Shares Outstanding</b>	226	227	230	232	234	235	234	235	236	237	237	237	246	260	252	246	244	244
<b>Non-GAAP Results</b>																		
<b>Gross Profit</b>	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097		
<b>Gross Margin</b>	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%	28.0%	28.0%
<b>Net Income</b>	\$68	\$173	\$288	\$429	\$400	\$292	\$197	\$225	\$156	\$193	\$260	\$358	\$619	\$872	\$594	\$513		
<b>EPS</b>	\$0.30	\$0.76	\$1.25	\$1.85	\$1.71	\$1.24	\$0.84	\$0.96	\$0.66	\$0.81	\$1.10	\$1.51	\$2.52	\$3.35	\$2.36	\$2.09	\$1.65	\$1.80
<b>Top 10 Customers Revenue</b>	47%	52%	56%	55%	51%	52%	50%	48%	49%	53%	49%	51%	53%	53%	44%	45%		
<b>Revenue by Channel</b>																		
<b>OEM</b>	48%	54%	52%	48%	49%	54%	50%	45%	47%	55%	53%	59%	64%	69%	63%	61%		
<b>Distributors</b>	30%	29%	31%	30%	33%	29%	32%	33%	33%	29%	29%	25%	28%	21%	24%	24%		
<b>Retail</b>	22%	17%	17%	22%	18%	17%	18%	22%	20%	16%	18%	16%	8%	10%	13%	15%		
<b>Revenue by Geography</b>																		
<b>Americas</b>	26%	24%	22%	25%	24%	25%	23%	22%	22%	20%	19%	22%	21%	27%	23%	27%		
<b>EMEA</b>	28%	22%	22%	25%	24%	21%	23%	25%	24%	20%	22%	21%	18%	18%	18%	23%		
<b>Asia/ANZ</b>	46%	54%	56%	50%	52%	54%	54%	53%	54%	60%	59%	57%	61%	55%	59%	50%		
<b>Compute Units</b>																		
<b>Notebook</b>	7.932	14.670	16.528	17.735	17.072	16.802	16.582	17.385	16.227	16.867	19.622	9.814	18.067	32.773	25.887	21.300		
<b>Desktop</b>	14.659	16.349	18.282	19.290	21.461	20.282	20.918	20.411	20.118	22.348	21.588	11.391	15.975	21.211	16.819	17.717		
<b>Non-Compute Units</b>																		
<b>Consumer Electronics</b>	3.487	3.666	3.064	4.083	4.643	5.306	5.239	4.709	4.765	6.459	7.188	2.352	3.643	4.155	8.019	6.452		
<b>Branded</b>	4.512	3.994	4.539	6.219	5.565	5.005	5.678	7.427	6.404	5.672	7.060	3.191	2.926	4.986	5.767	7.139		
<b>Enterprise Units</b>	0.973	1.308	1.669	2.170	2.356	2.346	2.319	2.284	2.318	2.463	2.369	1.724	3.616	7.913	5.988	6.633		
<b>Total HDD Units</b>	31.563	39.987	44.082	49.497	51.097	49.741	50.736	52.216	49.832	53.809	57.827	28.472	44.227	71.038	62.480	59.241		

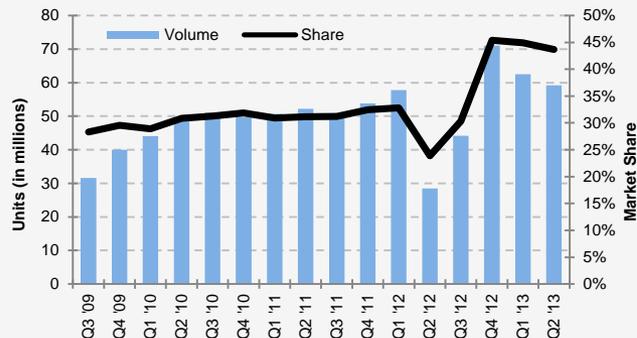
### Revenue by Geography Rolling Four Quarters Ending Q2'10



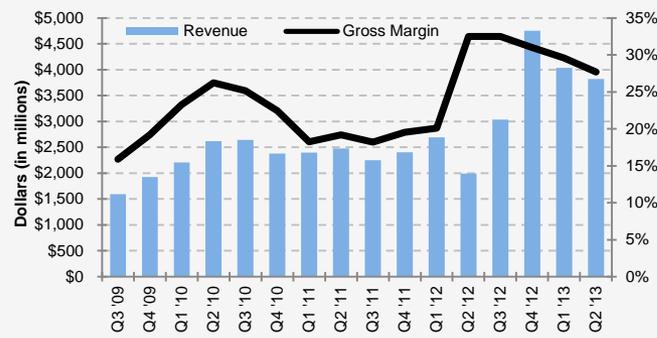
### Revenue by Geography Rolling Four Quarters Ending Q2'13



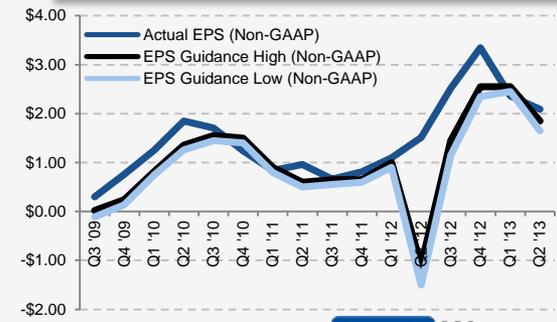
### Volume and Market Share



### Revenue and Gross Margin



### EPS Analysis



Balance sheet, cash flows, earnings and share repurchase amounts in millions	Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2	
	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13
<b>Cash and Cash Equivalents</b>	\$1,579	\$1,794	\$2,056	\$2,435	\$2,826	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924	\$3,377	\$3,208	\$3,537	\$3,816
<b>Debt</b>	\$502	\$482	\$463	\$444	\$425	\$400	\$375	\$350	\$325	\$294	\$263	\$231	\$2,743	\$2,185	\$2,128	\$2,128
<b>Net Cash and Cash Equivalents</b>	\$1,077	\$1,312	\$1,593	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693	\$634	\$1,023	\$1,409	\$1,688
<b>Cash Flow From Operations</b>	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$936	\$772
<b>Free Cash Flow</b>	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$804	\$554	\$526
<b>Capital Expenditures</b>	\$106	\$111	\$176	\$199	\$177	\$185	\$200	\$250	\$175	\$153	\$134	\$120	\$139	\$324	\$382	\$246
<b>Depreciation and Amortization</b>	\$119	\$122	\$121	\$126	\$128	\$134	\$150	\$151	\$151	\$150	\$158	\$140	\$188	\$339	\$313	\$309
<b>EBITDA</b>	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787
<b>Accounts Receivable, Net Inventory</b>	\$824	\$926	\$1,131	\$1,365	\$1,257	\$1,256	\$1,325	\$1,250	\$1,171	\$1,206	\$1,356	\$747	\$2,377	\$2,364	\$1,951	\$1,732
<b>Raw Materials</b>	\$104	\$97	\$96	\$102	\$115	\$159	\$155	\$141	\$151	\$172	\$170	\$191	\$329	\$245	\$237	\$193
<b>Work in Process</b>	\$152	\$154	\$173	\$212	\$254	\$255	\$266	\$274	\$260	\$263	\$275	\$185	\$667	\$552	\$559	\$581
<b>Finished Goods</b>	\$129	\$125	\$126	\$139	\$138	\$146	\$140	\$153	\$163	\$142	\$200	\$90	\$286	\$413	\$508	\$430
<b>Inventory, Net</b>	\$385	\$376	\$395	\$453	\$507	\$560	\$561	\$568	\$574	\$577	\$645	\$466	\$1,282	\$1,210	\$1,304	\$1,204
<b>Property, Plant and Equipment, Net</b>	\$1,570	\$1,584	\$1,625	\$1,696	\$1,756	\$2,159	\$2,245	\$2,277	\$2,249	\$2,224	\$2,209	\$2,091	\$4,171	\$4,067	\$4,027	\$3,938
<b>Accounts Payable</b>	\$1,001	\$1,101	\$1,342	\$1,507	\$1,508	\$1,507	\$1,703	\$1,628	\$1,486	\$1,545	\$1,708	\$883	\$2,774	\$2,773	\$2,545	\$2,185
<b>Days Sales Outstanding</b>	47	47	47	47	43	48	50	46	47	46	46	34	71	45	44	41
<b>Days Inventory Outstanding</b>	26	24	21	21	23	28	26	26	28	27	27	31	57	34	42	40
<b>Days Payables Outstanding</b>	68	69	72	71	69	74	79	74	73	73	72	60	123	77	82	72
<b>Cash Conversion Cycle</b>	5	2	(4)	(3)	(3)	2	(3)	(2)	2	-	1	5	5	2	4	9
<b>Inventory Turns</b>	14	15	17	17	16	13	14	14	13	13	13	12	6	11	9	9
<b>Shares Repurchased</b>	-	-	-	-	-	-	1.8	-	-	-	-	-	-	16.4	5.2	4.2
<b>Shares Repurchased \$</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$604	\$218	\$146
<b>Remaining Amount Authorized</b>	\$466	\$466	\$466	\$466	\$466	\$466	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$1,312	\$2,594	\$2,448
<b>R4Q ROIC</b>	14.9%	13.9%	15.3%	24.9%	31.2%	30.2%	26.4%	21.1%	15.6%	13.2%	13.6%	11.9%	14.8%	20.4%	21.3%	21.0%
<b>R4Q ROA</b>	9.8%	9.2%	10.4%	17.0%	21.2%	20.7%	18.1%	14.6%	10.9%	9.2%	9.5%	8.5%	10.5%	14.3%	14.9%	14.7%
<b>Worldwide Headcount</b>	43,898	45,991	52,208	55,128	61,803	62,500	62,817	62,991	61,349	65,431	67,799	67,121	106,604	103,111	96,002	93,820

## Business Model

Gross Margin\*  
27%-32%

Operating Expense\*  
10%-12%

Operating Income\*  
15%-22%

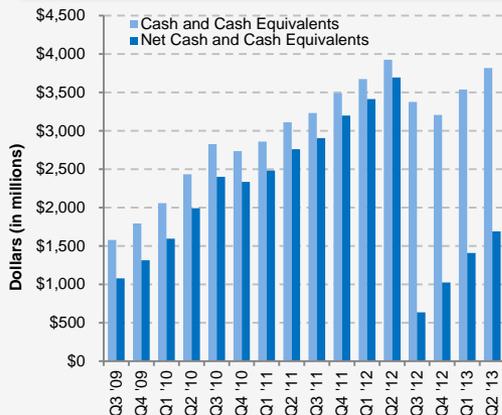
Tax  
7%-10% of Income  
Before Tax

Capital Expenditures\*  
5%-7%

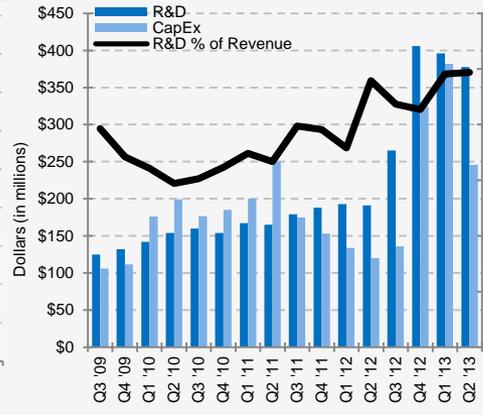
Conversion Cycle  
4-8 Days

\*Percent of Revenue

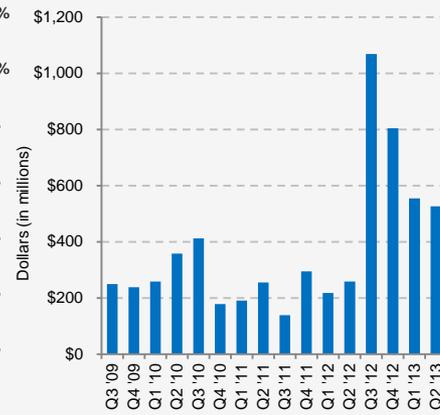
### Gross vs. Net Cash & Cash Equivalents



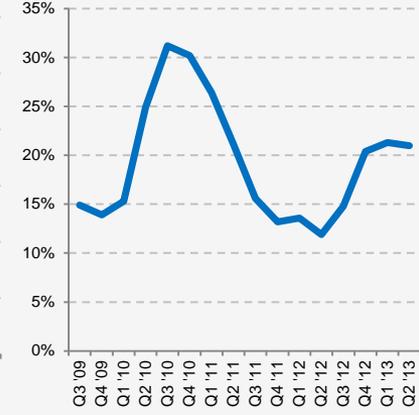
### R&D and Capital Expenditures



### Free Cash Flow



### R4Q Return on Invested Capital



## Non-GAAP Financial Measures

**Free Cash Flow:** Free cash flow is a non-GAAP financial measure defined as cash flows from operations less capital expenditures. We consider free cash flow to be useful as an indicator of our overall liquidity, as the amount of free cash flow generated in any period is representative of cash that is available for strategic opportunities including, among others, investing in the Company's business, making strategic acquisitions, strengthening the balance sheet, repaying debt and repurchasing stock. We also believe that free cash flow is one of several benchmarks used by investors for comparison of our liquidity with other companies in our industry, although our measure of free cash flow may not be directly comparable to similar measures reported by other companies. Free cash flow should not be construed as an alternative to cash flows from operations or other cash flow measurements determined in accordance with GAAP.

**EBITDA:** EBITDA is a non-GAAP financial measure defined as net income before interest, income tax expense, depreciation and amortization. We include information concerning EBITDA because we believe it is a useful measure to evaluate our operating performance. As a measure of our operating performance, we believe EBITDA provides a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. While EBITDA is a relevant and widely used measure of operating performance, it does not represent net income as defined by GAAP and it should not be considered as an alternative to that measure in evaluating operating performance.

**Non-GAAP Gross Margin and Non-GAAP Gross Profit:** Non-GAAP gross margin is a non-GAAP measure defined as non-GAAP gross profit divided by revenue. Non-GAAP gross profit is a non-GAAP measure defined as gross profit before any unusual or non-recurring charges to cost of goods sold. For Q3 FY12, non-GAAP gross profit excludes costs recognized upon the sale of inventory that was written-up to fair value in connection with the HGST acquisition. Because we believe these costs may not be indicative of ongoing operations, we believe that non-GAAP gross profit is a useful measure to investors as an alternative method for measuring our operating performance and comparing it against prior periods' performance.

	Q3	Q4	Q1	Q2												
	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13
<b>Reconciliation of Cash Flows from Operations to Free Cash Flow</b>																
Cash Flows from Operations	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$936	\$772
Capital Expenditures	(106)	(111)	(176)	(199)	(177)	(185)	(200)	(250)	(175)	(153)	(134)	(120)	(139)	(324)	(382)	(246)
Free Cash Flow	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$804	\$554	\$526
<b>Reconciliation of Net Income to EBITDA</b>																
Net Income	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335
Interest	3	2	2	2	1	1	-	1	(1)	2	1	2	4	7	14	10
Income Tax Expense	8	11	29	42	40	27	14	14	13	12	19	15	55	56	59	133
Depreciation and Amortization	119	122	121	126	128	134	150	151	151	150	158	140	188	339	313	309
EBITDA	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787
<b>Reconciliation of Gross Margin to Non-GAAP Gross Margin and Gross Profit to Non-GAAP Gross Profit</b>																
Gross Profit	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,193	\$1,059
Acquisition-Related Fair Value Adjustments													91			
Amortization of Intangible Assets Acquired from HGST													9	39	38	38
Non-GAAP Gross Profit	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097
Revenue	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824
Gross Margin	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.0%	29.6%	27.7%
Non-GAAP Gross Margin	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%

## Non-GAAP Financial Measures

**Non-GAAP Net Income and non-GAAP EPS:** Non-GAAP net income and non-GAAP EPS are non-GAAP measures defined as net income and EPS, respectively, before any unusual or non-recurring charges or any tax impact related to those charges.

	Q3	Q4	Q1	Q2												
	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13
<b>Reconciliation of Net Income to Non-GAAP Net Income</b>																
Net Income	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335
Acquisition-Related Expense	—	—	—	—	—	—	—	—	10	10	14	14	34	—	—	—
Litigation Accruals	—	—	—	—	—	27	—	—	—	25	7	—	—	—	—	—
Charges Related to Flooding, Net of Recoveries	—	—	—	—	—	—	—	—	—	—	—	199	15	—	—	—
In-Process Research and Development Charge	14	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition-Related Adjustments to Fair Value of Inventory / Cost of Revenue	—	—	—	—	—	—	—	—	—	—	—	—	91	—	—	—
Amortization of Intangible Assets Acquired from HGST	—	—	—	—	—	—	—	—	—	—	—	—	12	51	49	49
Restructuring	4	(23)	—	—	—	—	—	—	—	—	—	—	—	80	26	41
Tax Impact	—	—	—	—	—	—	—	—	—	—	—	—	(16)	(4)	—	88
<b>Non-GAAP Net Income</b>	<b>\$68</b>	<b>\$173</b>	<b>\$288</b>	<b>\$429</b>	<b>\$400</b>	<b>\$292</b>	<b>\$197</b>	<b>\$225</b>	<b>\$156</b>	<b>\$193</b>	<b>\$260</b>	<b>\$358</b>	<b>\$619</b>	<b>\$872</b>	<b>\$594</b>	<b>\$513</b>
EPS	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61	\$1.96	\$2.87	\$2.06	\$1.36
<b>Non-GAAP EPS</b>	<b>\$0.30</b>	<b>\$0.76</b>	<b>\$1.25</b>	<b>\$1.85</b>	<b>\$1.71</b>	<b>\$1.24</b>	<b>\$0.84</b>	<b>\$0.96</b>	<b>\$0.66</b>	<b>\$0.81</b>	<b>\$1.10</b>	<b>\$1.51</b>	<b>\$2.52</b>	<b>\$3.35</b>	<b>\$2.36</b>	<b>\$2.09</b>
Diluted Shares Outstanding	226	227	230	232	234	235	234	235	236	237	237	237	246	260	252	246

## Footnotes

1.Q1 FY11 ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates

2.Unit volume excludes WD TV Media Players without hard drives, WD Livewire, SSD and media

3.Worldwide Headcount excludes temporary employees

4.Consumer Electronics includes gaming

5.Q3 FY13 guidance is presented on a non-GAAP basis and excludes insurance proceeds related to the Thailand flooding and expenses related to the acquisition of HGST, including amortization of intangibles. Because the full extent of these expenses and proceeds are not known at this time, we are unable to provide information about, or a reconciliation to, the most directly comparable GAAP financial measures. The impact of these excluded items may cause the estimated non-GAAP financial measures to differ materially from the comparable GAAP financial measures.

## Formulas

**Share** = Units / TAM

**ASP** = Revenue / Units

**Free Cash Flow** = Cash Flow from Operations – Capital Expenditures

**EBITDA** = Net income + Interest + Income Tax Expense + Depreciation and Amortization

**Days Sales Outstanding (DSO)** = Accounts Receivable / (Revenue / 91 days)

**Days Inventory Outstanding (DIO)** = Inventory / (Cost of Revenue / 91 days)

**Days Payables Outstanding (DPO)** = Accounts Payable / (Cost of Revenue / 91 days)

**Cash Conversion Cycle** = DSO + DIO – DPO

**Inventory Turns** = 364 days / DIO

**R4Q ROIC** = R4Q (Net Income from Continuing Operations + Interest Expense) / R4Q Average (Equity + Debt)

**R4Q ROA** = R4Q Net Income from Continuing Operations / R4Q Average Total Assets