
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 24, 2013

Western Digital Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

001-08703
(Commission
File Number)

33-0956711
(I.R.S. Employer
Identification No.)

3355 Michelson Drive, Suite 100
Irvine, California
(Address of Principal Executive Offices)

92612
(Zip Code)

(949) 672-7000
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 24, 2013, Western Digital Corporation (“Western Digital”) announced financial results for the first fiscal quarter ended September 27, 2013. A copy of the press release making this announcement is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of Western Digital’s Quarterly Fact Sheet for the first fiscal quarter ended September 27, 2013 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 99.1 Press Release issued by Western Digital Corporation on October 24, 2013 announcing financial results for the first fiscal quarter ended September 27, 2013.
- 99.2 First Quarter Fiscal Year 2014 Western Digital Corporation Quarterly Fact Sheet.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Digital Corporation
(Registrant)

By: _____ /s/ Michael C. Ray
Michael C. Ray
Senior Vice President, General Counsel
and Secretary

Date: October 24, 2013



Company contacts:

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FOR IMMEDIATE RELEASE:**WESTERN DIGITAL ANNOUNCES Q1 REVENUE OF \$3.8 BILLION AND
NON-GAAP NET INCOME OF \$514 MILLION, OR \$2.12 PER SHARE¹**

IRVINE, Calif. — Oct. 24, 2013 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$3.8 billion and net income of \$495 million, or \$2.05 per share for its first fiscal quarter ended Sept. 27, 2013. On a non-GAAP basis, net income was \$514 million or \$2.12 per share.¹ In the year-ago quarter, the company reported revenue of \$4.0 billion, net income of \$519 million, or \$2.06 per share. Non-GAAP net income in the year-ago quarter was \$594 million, or \$2.36 per share.²

The company generated \$680 million in cash from operations during the September quarter, ending with total cash and cash equivalents of \$4.9 billion. During the quarter, the company utilized \$150 million to buy back 2.3 million shares of common stock. On Sept. 19, the company declared a \$0.25 per common share dividend, which was paid on Oct. 15.

“We continued to perform well in the September quarter as we remained focused on delivering value to our customers through differentiated and innovative storage solutions in all of our served markets,” said Steve Milligan, president and chief executive officer. “Our HGST and WD subsidiaries continued to execute very well. Outstanding linearity drove strong operating results, with gross margins above the midpoint of our model range and earnings per share well above the high end of our guidance. Longer term, we are very excited about our ability to enable the ongoing creation, storage and management of digital content by consumers and businesses.”

The investment community conference call to discuss these results will be broadcast live over the Internet today at 3 p.m. Pacific/6 p.m. Eastern. The live and archived conference call webcast can be accessed online at investor.wdc.com. The telephone replay number is 1-800-685-6364 in the U.S. or +1-402-998-0553 for international callers.

About Western Digital

Western Digital Corp. (NASDAQ: WDC), Irvine, Calif., is a global provider of products and services that empower people to create, manage, experience and preserve digital content. Its subsidiaries design and manufacture storage devices, networking equipment and home entertainment products under the WD®, HGST and G-Technology brands. Visit the Investor section of the company's website (www.westerndigital.com) to access a variety of financial and investor information.

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Western Digital, WD and the WD logo are registered trademarks in the U.S. and other countries. HGST trademarks are intended and authorized for use only in countries and jurisdictions in which HGST has obtained the rights to use, market and advertise the brand. Other marks may be mentioned herein that belong to other companies.

- 1 Non-GAAP net income for the first quarter fiscal 2014 consists of GAAP net income of \$495 million plus \$47 million of amortization of intangibles related to the acquisitions of HGST, sTec and VeloBit, \$13 million of charges related to litigation, \$13 million for acquisition-related expenses and \$11 million related to fixed asset impairment and other charges, offset by a gain of \$65 million for a flood-related insurance recovery. Non-GAAP earnings per share of \$2.12 for the first quarter is calculated by using the same 242 million diluted shares as is used for GAAP earnings per share. The tax effect of the non-GAAP charges was not material.
- 2 Non-GAAP net income for the first quarter fiscal 2013 consists of GAAP net income of \$519 million plus \$49 million of amortization of intangibles related to the acquisition of HGST and \$26 million related to employee termination benefits and other charges. Non-GAAP earnings per share of \$2.36 for the first quarter is calculated by using the same 252 million diluted shares as is used for GAAP earnings per share. The tax effect of the non-GAAP charges was not material.

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

| | Sept. 27, 2013 | June 28, 2013 |
|---|-------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,869 | \$ 4,309 |
| Accounts receivable, net | 1,791 | 1,793 |
| Inventories | 1,244 | 1,188 |
| Other current assets | 357 | 308 |
| Total current assets | <u>8,261</u> | <u>7,598</u> |
| Property, plant and equipment, net | 3,638 | 3,700 |
| Goodwill | 2,051 | 1,954 |
| Other intangible assets, net | 616 | 605 |
| Other non-current assets | 240 | 179 |
| Total assets | <u>\$14,806</u> | <u>\$14,036</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 2,061 | \$ 1,990 |
| Accrued arbitration award | 719 | 706 |
| Accrued expenses | 406 | 480 |
| Accrued compensation | 388 | 453 |
| Accrued warranty | 123 | 114 |
| Short-term debt | 500 | — |
| Current portion of long-term debt | 230 | 230 |
| Total current liabilities | <u>4,427</u> | <u>3,973</u> |
| Long-term debt | 1,668 | 1,725 |
| Other liabilities | 458 | 445 |
| Total liabilities | <u>6,553</u> | <u>6,143</u> |
| Total shareholders' equity | 8,253 | 7,893 |
| Total liabilities and shareholders' equity | <u>\$14,806</u> | <u>\$14,036</u> |

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | Sept. 27, 2013 | Sept. 28, 2012 |
| Revenue, net | \$ 3,804 | \$ 4,035 |
| Cost of revenue | 2,716 | 2,842 |
| Gross profit | <u>1,088</u> | <u>1,193</u> |
| Operating expenses: | | |
| Research and development | 401 | 396 |
| Selling, general and administrative | 132 | 179 |
| Charges related to arbitration award | 13 | — |
| Employee termination benefits and other charges | — | 26 |
| Total operating expenses | <u>546</u> | <u>601</u> |
| Operating income | 542 | 592 |
| Net interest and other | <u>(10)</u> | <u>(14)</u> |
| Income before income taxes | 532 | 578 |
| Income tax provision | 37 | 59 |
| Net income | <u>\$ 495</u> | <u>\$ 519</u> |
| Income per common share: | | |
| Basic | <u>\$ 2.10</u> | <u>\$ 2.11</u> |
| Diluted | <u>\$ 2.05</u> | <u>\$ 2.06</u> |
| Weighted average shares outstanding: | | |
| Basic | <u>236</u> | <u>246</u> |
| Diluted | <u>242</u> | <u>252</u> |

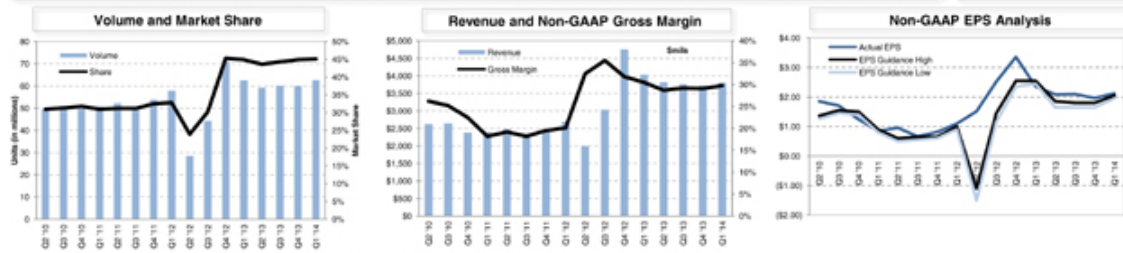
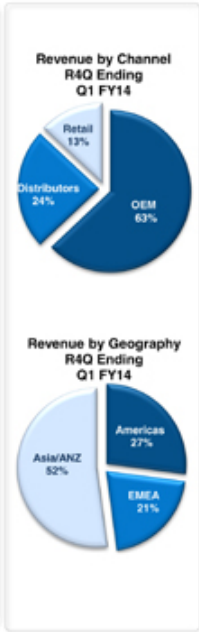
WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | Sept. 27, 2013 | Sept. 28, 2012 |
| Cash flows from operating activities | | |
| Net income | \$ 495 | \$ 519 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation and amortization | 312 | 313 |
| Stock-based compensation | 42 | 39 |
| Deferred income taxes | (10) | (12) |
| Gain from insurance recovery | (65) | — |
| Changes in operating assets and liabilities, net | (94) | 77 |
| Net cash provided by operating activities | <u>680</u> | <u>936</u> |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (136) | (382) |
| Acquisitions, net of cash acquired | (263) | (9) |
| Other investing activities, net | 39 | — |
| Net cash used in investing activities | <u>(360)</u> | <u>(391)</u> |
| Cash flows from financing activities | | |
| Employee stock plans, net | 7 | 60 |
| Repurchases of common stock | (150) | (218) |
| Dividends to shareholders | (59) | — |
| Proceeds from debt | 500 | — |
| Repayment of debt | (58) | (58) |
| Net cash provided by (used in) financing activities | <u>240</u> | <u>(216)</u> |
| Net increase in cash and cash equivalents | 560 | 329 |
| Cash and cash equivalents, beginning of period | 4,309 | 3,208 |
| Cash and cash equivalents, end of period | <u>\$ 4,869</u> | <u>\$ 3,537</u> |

| Amounts in millions, except per share amounts, ASP, percentages | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
|---|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|------|------|------|------|------|------|------|
| | | FY10 | FY10 | FY10 | FY11 | FY11 | FY11 | FY11 | FY12 | FY12 | FY12 | FY12 | FY13 | FY13 | FY13 | FY13 | FY14 | FY14 | FY14 | FY14 | FY14 | FY14 | FY14 | FY14 | FY14 |
| TAM | Share | 160.4 | 163.3 | 156.2 | 164.0 | 167.5 | 159.5 | 165.8 | 176.3 | 119.1 | 146.4 | 156.7 | 139.1 | 135.8 | 135.9 | 133.3 | 139.0 | | | | | | | | |
| Units (HDD) ¹ | ASP (HDD) ² | 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 | 60.2 | 59.9 | 62.6 | | | | | | | | |
| Revenue | | \$2,819 | \$2,841 | \$2,362 | \$2,396 | \$2,475 | \$2,252 | \$2,403 | \$2,694 | \$1,995 | \$3,035 | \$4,754 | \$4,055 | \$3,824 | \$3,764 | \$3,728 | \$3,804 | | | | | | | | |
| Gross Profit | | \$987 | \$995 | \$836 | \$431 | \$475 | \$410 | \$469 | \$541 | \$540 | \$977 | \$1,472 | \$1,193 | \$1,059 | \$1,061 | \$1,050 | \$1,066 | | | | | | | | |
| Gross Margin | | 35.2% | 35.2% | 35.2% | 18.2% | 19.2% | 18.2% | 19.5% | 20.1% | 27.2% | 32.2% | 31.0% | 29.5% | 27.7% | 28.2% | 28.2% | 28.0% | | | | | | | | |
| R&D | | \$154 | \$150 | \$154 | \$167 | \$169 | \$179 | \$188 | \$193 | \$191 | \$265 | \$406 | \$396 | \$378 | \$396 | \$402 | \$401 | | | | | | | | |
| SG&A | | 60 | 64 | 61 | 59 | 66 | 63 | 77 | 71 | 85 | 122 | 178 | 179 | 162 | 185 | 180 | 132 | | | | | | | | |
| Other | | - | - | 27 | - | - | 10 | 32 | 18 | 210 | 48 | 80 | 26 | 41 | 63 | 689 | 13 | | | | | | | | |
| Total Operating Expenses | | \$214 | \$224 | \$242 | \$226 | \$235 | \$252 | \$297 | \$282 | \$486 | \$435 | \$664 | \$601 | \$581 | \$644 | \$1,271 | \$546 | | | | | | | | |
| Operating Income (Loss) | | \$473 | \$441 | \$290 | \$211 | \$240 | \$158 | \$172 | \$259 | \$162 | \$542 | \$808 | \$592 | \$478 | \$417 | \$221 | \$542 | | | | | | | | |
| Net Income (Loss) | | \$429 | \$400 | \$265 | \$197 | \$225 | \$146 | \$158 | \$239 | \$145 | \$483 | \$745 | \$519 | \$335 | \$391 | \$260 | \$495 | | | | | | | | |
| EPS | | \$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 | \$1.60 | \$1.12 | \$2.05 | | | | | | | | |
| Diluted Shares Outstanding | | 232 | 234 | 235 | 234 | 235 | 236 | 237 | 237 | 237 | 246 | 260 | 252 | 246 | 245 | 236 | 242 | | | | | | | | |
| Non-GAAP Results | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Profit | | \$987 | \$995 | \$836 | \$431 | \$475 | \$410 | \$469 | \$541 | \$540 | \$1,077 | \$1,511 | \$1,231 | \$1,097 | \$1,099 | \$1,065 | \$1,125 | | | | | | | | |
| Gross Margin | | 35.2% | 35.2% | 35.2% | 18.2% | 19.2% | 18.2% | 19.5% | 20.1% | 27.2% | 32.2% | 31.0% | 29.5% | 27.7% | 28.2% | 28.2% | 28.0% | | | | | | | | |
| Net Income | | \$429 | \$400 | \$265 | \$197 | \$225 | \$156 | \$193 | \$260 | \$358 | \$919 | \$872 | \$594 | \$513 | \$514 | \$477 | \$514 | | | | | | | | |
| EPS ³ | | \$1.85 | \$1.71 | \$1.14 | \$0.84 | \$0.96 | \$0.66 | \$0.81 | \$1.10 | \$1.51 | \$2.52 | \$3.35 | \$2.36 | \$2.09 | \$2.10 | \$1.96 | \$2.12 | | | | | | | | |
| Revenue By Channel | | | | | | | | | | | | | | | | | | | | | | | | | |
| OEM | | 48% | 49% | 54% | 50% | 45% | 47% | 55% | 53% | 59% | 64% | 69% | 63% | 61% | 60% | 66% | 64% | | | | | | | | |
| Distributors | | 30% | 33% | 29% | 32% | 33% | 33% | 29% | 29% | 25% | 28% | 21% | 24% | 24% | 26% | 23% | 24% | | | | | | | | |
| Retail | | 22% | 18% | 17% | 18% | 22% | 20% | 16% | 18% | 16% | 8% | 10% | 13% | 15% | 14% | 11% | 12% | | | | | | | | |
| Revenue by Geography | | | | | | | | | | | | | | | | | | | | | | | | | |
| Americas | | 25% | 24% | 25% | 23% | 22% | 22% | 20% | 19% | 22% | 21% | 27% | 23% | 27% | 27% | 28% | 26% | | | | | | | | |
| EMEA | | 25% | 24% | 21% | 23% | 25% | 24% | 20% | 22% | 21% | 18% | 18% | 18% | 23% | 22% | 19% | 20% | | | | | | | | |
| Asia/ANZ | | 50% | 52% | 54% | 54% | 53% | 54% | 60% | 59% | 57% | 61% | 65% | 59% | 50% | 51% | 53% | 54% | | | | | | | | |
| Top 10 Customers Revenue | | 55% | 51% | 52% | 50% | 48% | 49% | 53% | 49% | 51% | 53% | 53% | 44% | 45% | 45% | 48% | 48% | | | | | | | | |
| Enterprise SSD Revenue | | - | - | - | - | - | - | - | - | - | \$11 | \$54 | \$70 | \$89 | \$92 | \$104 | \$106 | | | | | | | | |
| PC Units⁴ | | | | | | | | | | | | | | | | | | | | | | | | | |
| Notebook | | 17,735 | 17,072 | 16,802 | 16,582 | 17,385 | 16,227 | 16,867 | 19,822 | 9,814 | 18,067 | 32,773 | 25,887 | 21,300 | 21,547 | 23,989 | 22,912 | | | | | | | | |
| Desktop | | 19,290 | 21,451 | 20,282 | 20,918 | 20,411 | 22,340 | 21,588 | 11,391 | 15,975 | 21,211 | 16,819 | 17,717 | 16,383 | 16,185 | 17,307 | 17,307 | | | | | | | | |
| Non-PC Units | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consumer Electronics ⁵ | | 4,083 | 4,843 | 5,306 | 5,239 | 4,709 | 4,765 | 4,459 | 7,188 | 2,352 | 3,843 | 4,155 | 8,019 | 6,452 | 6,517 | 6,544 | 8,474 | | | | | | | | |
| Branded | | 6,219 | 5,585 | 5,005 | 5,678 | 7,427 | 6,404 | 5,672 | 7,060 | 3,191 | 2,926 | 4,966 | 5,787 | 7,139 | 6,517 | 5,281 | 6,146 | | | | | | | | |
| Enterprise | | 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 | 7,211 | 7,897 | 7,771 | | | | | | | | |
| Total HDD | | 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 | 60,175 | 59,896 | 62,610 | | | | | | | | |
| Average GB Shipped | | 443 | 463 | 453 | 512 | 581 | 578 | 608 | 634 | 578 | 581 | 668 | 708 | 804 | 805 | 797 | 811 | | | | | | | | |
| EB Shipped | | 21.9 | 23.7 | 22.5 | 26.0 | 30.3 | 28.8 | 32.7 | 36.7 | 16.5 | 25.7 | 47.4 | 44.3 | 47.6 | 48.4 | 47.7 | 50.8 | | | | | | | | |
| R&D EB Shipped | | 64.3 | 76.5 | 85.1 | 84.1 | 102.5 | 107.7 | 117.8 | 128.5 | 114.6 | 111.5 | 128.3 | 133.9 | 165.1 | 187.8 | 188.0 | 194.5 | | | | | | | | |



Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this quarterly fact sheet.

| Balance sheet, cash flows, earnings, dividends and share repurchase amounts in millions | | Q2 FY10 | Q3 FY10 | Q4 FY10 | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12 | Q3 FY12 | Q4 FY12 | Q1 FY13 | Q2 FY13 | Q3 FY13 | Q4 FY13 | Q1 FY14 |
|---|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cash and Cash Equivalents | | \$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 | \$4,060 | \$4,309 | \$4,869 |
| Debt | | 444 | 425 | 400 | 375 | 350 | 305 | 294 | 263 | 231 | 2,243 | 2,185 | 2,128 | 2,128 | 2,023 | 1,955 | 2,298 |
| Net Cash and Cash Equivalents | | \$1,991 | \$2,401 | \$2,334 | \$2,483 | \$2,760 | \$2,925 | \$3,196 | \$3,412 | \$3,693 | \$634 | \$1,023 | \$1,409 | \$1,688 | \$2,037 | \$2,354 | \$2,571 |
| Cash Flow From Operations | | \$557 | \$588 | \$393 | \$390 | \$505 | \$313 | \$447 | \$352 | \$378 | \$1,208 | \$1,208 | \$936 | \$772 | \$727 | \$684 | \$660 |
| Free Cash Flow | | \$358 | \$411 | \$178 | \$190 | \$255 | \$138 | \$294 | \$218 | \$258 | \$1,069 | \$804 | \$554 | \$526 | \$539 | \$548 | \$544 |
| Capital Expenditures | | \$199 | \$177 | \$185 | \$200 | \$250 | \$175 | \$153 | \$134 | \$120 | \$139 | \$324 | \$382 | \$246 | \$188 | \$136 | \$136 |
| Depreciation and Amortization | | \$128 | \$128 | \$134 | \$150 | \$151 | \$151 | \$150 | \$158 | \$140 | \$188 | \$339 | \$313 | \$309 | \$309 | \$302 | \$312 |
| EBITDA | | \$599 | \$569 | \$427 | \$361 | \$391 | \$309 | \$322 | \$417 | \$302 | \$730 | \$1,147 | \$905 | \$787 | \$726 | \$61 | \$64 |
| Accounts Receivable, Net | | \$1,365 | \$1,257 | \$1,256 | \$1,325 | \$1,250 | \$1,171 | \$1,206 | \$1,356 | \$1,47 | \$2,377 | \$2,394 | \$1,951 | \$1,732 | \$1,700 | \$1,793 | \$1,791 |
| Raw Materials | | \$102 | \$115 | \$159 | \$155 | \$141 | \$151 | \$172 | \$170 | \$191 | \$329 | \$245 | \$237 | \$190 | \$191 | \$167 | \$208 |
| Work in Process | | 212 | 254 | 255 | 266 | 274 | 260 | 263 | 275 | 185 | 667 | 502 | 559 | 581 | 583 | 575 | 579 |
| Finished Goods | | 139 | 138 | 146 | 140 | 153 | 163 | 142 | 200 | 90 | 286 | 413 | 508 | 430 | 423 | 446 | 457 |
| Total Inventory | | \$453 | \$507 | \$560 | \$561 | \$568 | \$574 | \$577 | \$645 | \$468 | \$1,282 | \$1,210 | \$1,304 | \$1,204 | \$1,197 | \$1,188 | \$1,244 |
| Property, Plant and Equipment, Net | | \$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 | \$3,803 | \$3,700 | \$3,638 |
| Accounts Payable | | \$1,507 | \$1,508 | \$1,507 | \$1,703 | \$1,528 | \$1,486 | \$1,545 | \$1,708 | \$883 | \$2,774 | \$2,773 | \$2,545 | \$2,185 | \$2,037 | \$1,990 | \$2,061 |
| Days Sales Outstanding | | 47 | 43 | 48 | 50 | 46 | 47 | 46 | 46 | 34 | 71 | 45 | 44 | 41 | 41 | 44 | 43 |
| Days Inventory Outstanding | | 21 | 23 | 28 | 26 | 26 | 28 | 27 | 27 | 31 | 57 | 34 | 42 | 40 | 40 | 40 | 42 |
| Days Payables Outstanding | | 71 | 69 | 74 | 79 | 74 | 73 | 73 | 72 | 60 | 123 | 77 | 82 | 72 | 69 | 67 | 69 |
| Cash Conversion Cycle | | (3) | (8) | 2 | (3) | (2) | 2 | - | 1 | 5 | 5 | 2 | 4 | 9 | 12 | 17 | 16 |
| Inventory Turns | | 17 | 16 | 13 | 14 | 14 | 13 | 13 | 13 | 12 | 6 | 11 | 9 | 9 | 9 | 9 | 9 |
| Dividends Paid | | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$121 | \$- | \$60 | \$59 |
| Shares Repurchased | | - | - | - | 1,8 | - | - | - | - | - | - | 16,4 | 5,2 | 4,2 | 5,2 | 4,4 | 2,3 |
| Remaining Amounts Authorized | | \$466 | \$466 | \$466 | \$416 | \$416 | \$416 | \$416 | \$416 | \$416 | \$416 | \$1,312 | \$2,584 | \$2,448 | \$2,205 | \$1,970 | \$1,820 |
| R4Q Economic Profit* | | \$484 | \$786 | \$826 | \$714 | \$484 | \$213 | \$80 | \$113 | \$15 | \$(83) | \$542 | \$801 | \$976 | \$884 | \$(158) | \$(176) |
| R4Q ROIC* | | 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% | 20.0% | 10.1% | 9.7% |
| R4Q ROA* | | 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% | 14.2% | 7.0% | 6.7% |
| Worldwide Headcount† | | 55,128 | 61,803 | 62,500 | 62,817 | 62,991 | 61,349 | 65,431 | 67,799 | 67,121 | 106,604 | 103,111 | 96,002 | 93,620 | 87,565 | 85,777 | 87,586 |

Business Model

(Non-GAAP)

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

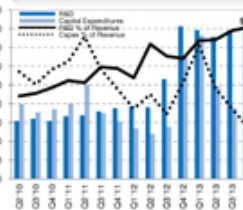
4-8 Days

*Percent of Revenue

Gross vs. Net Cash & Cash Equivalents



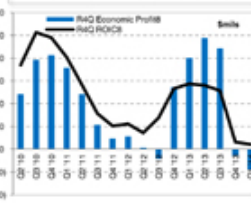
R&D and Capital Expenditures



Free Cash Flow



R4Q ROIC & R4Q Economic Profit*



Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this quarterly fact sheet.

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, paying dividends 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 charges to cost of goods sold that are unusual, non-recurring, or may not be indicative of ongoing operations. Because we believe some charges 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.

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 charges that are unusual, non-recurring, or may not be indicative of ongoing operations, or any tax impact related to those charges.

| In millions, except gross margin and per share amounts | Q3 FY16 | Q3 FY17 | Q4 FY18 | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 | Q1 FY21 | Q2 FY21 | Q3 FY21 | Q4 FY21 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Reconciliation of Cash Flows from Operations to Free Cash Flow | | | | | | | | | | | | | | | |
| Cash Flows from Operations | \$557 | \$588 | \$363 | \$300 | \$505 | \$313 | \$447 | \$352 | \$378 | \$1,208 | \$1,128 | \$936 | \$772 | \$727 | \$684 |
| Capital Expenditures | (189) | (177) | (185) | (200) | (250) | (175) | (153) | (134) | (120) | (139) | (204) | (282) | (246) | (188) | (136) |
| Free Cash Flow | \$368 | \$411 | \$178 | \$100 | \$255 | \$138 | \$294 | \$218 | \$258 | \$1,069 | \$924 | \$654 | \$526 | \$539 | \$548 |
| Reconciliation of Net Income to EBITDA | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$429 | \$400 | \$285 | \$197 | \$225 | \$146 | \$158 | \$239 | \$145 | \$483 | \$745 | \$519 | \$335 | \$391 | \$(265) |
| Interest | 2 | 1 | 1 | - | 1 | (1) | 2 | 1 | 2 | 4 | 7 | 14 | 10 | 11 | 9 |
| Income Tax Expense | 42 | 40 | 27 | 14 | 14 | 13 | 12 | 19 | 15 | 55 | 56 | 59 | 133 | 15 | 35 |
| Depreciation and Amortization | 126 | 128 | 134 | 150 | 151 | 151 | 150 | 158 | 140 | 188 | 339 | 313 | 309 | 309 | 302 |
| EBITDA | \$599 | \$569 | \$427 | \$361 | \$391 | \$309 | \$322 | \$417 | \$302 | \$730 | \$1,147 | \$905 | \$767 | \$726 | \$81 |
| Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit | | | | | | | | | | | | | | | |
| Gross Profit | \$687 | \$665 | \$535 | \$437 | \$475 | \$410 | \$469 | \$541 | \$648 | \$977 | \$1,472 | \$1,193 | \$1,059 | \$1,061 | \$1,050 |
| Acquisition-Related Fair Value Adjustments | - | - | - | - | - | - | - | - | - | 91 | - | - | - | - | - |
| Restructuring | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 11 |
| Amortization of Intangibles | - | - | - | - | - | - | - | - | - | 9 | 39 | 38 | 38 | 38 | 35 |
| Non-GAAP Gross Profit | \$687 | \$665 | \$535 | \$437 | \$475 | \$410 | \$469 | \$541 | \$648 | \$1,077 | \$1,511 | \$1,231 | \$1,097 | \$1,099 | \$1,085 |
| Revenue | \$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 | \$3,764 | \$3,728 |
| Gross Margin | 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% | 28.2% | 28.2% |
| Non-GAAP Gross Margin | 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% | 29.2% | 29.1% |
| Reconciliation of Net Income (Loss) to Non-GAAP Net Income | | | | | | | | | | | | | | | |
| Net Income (Loss) | \$429 | \$400 | \$285 | \$197 | \$225 | \$146 | \$158 | \$239 | \$145 | \$483 | \$745 | \$519 | \$335 | \$391 | \$(265) |
| Acquisition-Related Expense | - | - | - | - | 10 | 10 | 10 | 14 | 14 | 34 | - | - | - | - | 7 |
| Litigation | - | - | 27 | - | - | - | 25 | 7 | - | - | - | - | - | - | 681 |
| Charges Related to Flooding, Net | - | - | - | - | - | - | - | 199 | 15 | - | - | - | - | - | - |
| Acquisition-Related Fair Value Adjustments | - | - | - | - | - | - | - | - | - | 91 | - | - | - | - | - |
| Amortization of Intangibles | - | - | - | - | - | - | - | - | - | 12 | 55 | 49 | 49 | 49 | 46 |
| Restructuring | - | - | - | - | - | - | - | - | - | 80 | - | 26 | 41 | 63 | 8 |
| Insurance Recovery | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (65) |
| Tax Impact | - | - | - | - | - | - | - | - | - | (10) | (4) | - | 88 | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | 11 | - |
| Non-GAAP Net Income | \$429 | \$400 | \$292 | \$197 | \$225 | \$156 | \$193 | \$260 | \$358 | \$619 | \$872 | \$594 | \$513 | \$514 | \$477 |
| EPS | \$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 | \$1.60 | \$1.12 |
| Non-GAAP EPS | \$1.85 | \$1.71 | \$1.24 | \$0.84 | \$0.96 | \$0.66 | \$0.81 | \$1.10 | \$1.51 | \$2.52 | \$3.35 | \$2.38 | \$2.09 | \$2.10 | \$1.96 |
| Diluted Shares Outstanding | 232 | 234 | 235 | 234 | 235 | 236 | 237 | 237 | 237 | 240 | 260 | 252 | 246 | 245 | 236 |
| Non-GAAP Diluted Shares Outstanding ¹ | 232 | 234 | 235 | 234 | 235 | 236 | 237 | 237 | 237 | 240 | 260 | 252 | 246 | 245 | 243 |

Non-GAAP Financial Measures

Economic Profit: Economic profit (EP) is a non-GAAP financial measure defined as net operating profit after taxes less the value of invested capital multiplied by the weighted average cost of capital, where net operating profit after taxes is defined as income from operations minus tax expense and invested capital is defined as the sum of current debt, long-term debt and equity. Management uses EP to evaluate business performance and allocate resources, and it is a component in determining management's incentive compensation. Management believes EP provides additional perspective to investors about financial returns generated by the business and represents profit generated over and above the cost of capital used by the business to generate that profit.

| In millions | Q3 FY09 | Q4 FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 | Q4 FY10 | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12 | Q3 FY12 | Q4 FY12 | Q1 FY13 | Q2 FY13 | Q3 FY13 | Q4 FY13 | Q1 FY14 |
|---|---------|---------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|---------|
| Reconciliation of Operating Income (Loss) to R4Q Economic Profit | | | | | | | | | | | | | | | | | | | |
| Operating Income (Loss) | \$61 | \$209 | \$319 | \$473 | \$441 | \$290 | \$211 | \$240 | \$158 | \$172 | \$259 | \$162 | \$542 | \$808 | \$592 | \$476 | \$417 | \$221 | \$542 |
| Income Tax Provision | (8) | (11) | (25) | (42) | (40) | (27) | (14) | (14) | (13) | (12) | (19) | (15) | (55) | (56) | (59) | (133) | (15) | (35) | (37) |
| Net Operating Profit After Taxes | 53 | 198 | 290 | 431 | 401 | 266 | 197 | 226 | 145 | 160 | 240 | 147 | 487 | 752 | 533 | 345 | 402 | (256) | 505 |
| R4Q Net Operating Profit After Taxes | | | 972 | 1,320 | 1,388 | 1,295 | 1,090 | 834 | 728 | 771 | 692 | 1,034 | 1,626 | 1,919 | 2,117 | 2,032 | 1,024 | 996 | |
| Invested Capital x WACC | (486) | (534) | (565) | (561) | (559) | (521) | (529) | (521) | (529) | (558) | (577) | (1,117) | (1,084) | (1,118) | (1,141) | (1,148) | (1,085) | (1,175) | |
| R4Q Economic Profit | | | \$484 | \$789 | \$823 | \$774 | \$561 | \$309 | \$200 | \$213 | \$123 | \$15 | \$542 | \$801 | \$876 | \$884 | \$259 | \$170 | |

Formulas

Share = Units (HDD) / TAM

ASP = Revenue / Units (HDD)

Free Cash Flow = Cash Flow from Operations – Capital Expenditures

EBITDA = Net Income (Loss) + 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 Economic Profit = R4Q Net Operating Profit After Taxes – (Invested Capital x WACC)

• Invested Capital = Short-term debt + Current portion of long-term debt + Long-term debt + Total shareholders' equity

• WACC = 11%

R4Q ROIC = R4Q (Operating Income (Loss) + Interest Expense) / R4Q Average (Short-term debt + Current portion of long-term debt + Long-term debt + Total shareholders' equity)

R4Q ROA = R4Q Operating Income (Loss) / R4Q Average Total Assets

Footnotes

1. 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 and contracted employees.
4. Consumer Electronics includes gaming.
5. PC includes shipments to distributors, second/third tier external HDD manufacturers, and white box manufacturers.
6. Q4 FY13 non-GAAP EPS is calculated using the same number of shares used for Q4 FY13 GAAP EPS plus 7 million dilutive shares. Dilutive shares are not included in the Q4 FY13 GAAP EPS calculation as Q4 FY13 resulted in a net loss.
7. WACC of 11% is an internal assumption.
8. Q2 FY12 includes charges related to the flooding, Q4 FY13 includes charges related to the arbitration award.
9. TAM is preliminary and based on internal information.