
**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): April 30, 2014

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 April 30, 2014, Western Digital Corporation (“Western Digital”) announced financial results for the third fiscal quarter ended March 28, 2014. 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 third fiscal quarter ended March 28, 2014 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 April 30, 2014 announcing financial results for the third fiscal quarter ended March 28, 2014.
- 99.2 Third Quarter Fiscal Year 2014 Western Digital Corporation Quarterly Fact Sheet.



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FOR IMMEDIATE RELEASE:**WESTERN DIGITAL ANNOUNCES Q3 REVENUE OF \$3.7 BILLION AND
NON-GAAP NET INCOME OF \$470 MILLION, OR \$1.94 PER SHARE¹**

IRVINE, Calif. — Apr. 30, 2014 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$3.7 billion and net income of \$375 million, or \$1.55 per share for its third fiscal quarter ended Mar. 28, 2014. On a non-GAAP basis, net income was \$470 million or \$1.94 per share.¹ In the year-ago quarter, the company reported revenue of \$3.8 billion, net income of \$391 million, or \$1.60 per share. Non-GAAP net income in the year-ago quarter was \$514 million, or \$2.10 per share.²

The company generated \$697 million in cash from operations during the March quarter. During the quarter, the company utilized \$244 million to buy back 2.8 million shares of common stock. It ended the quarter with total cash, cash equivalents and investments of \$5.0 billion. On Feb. 6, the company declared a \$0.30 per common-share dividend, which was paid on Apr. 15.

“We achieved solid financial results for the March quarter as we continue to participate in the ongoing growth of data, with an intense focus on helping our customers succeed in a rapidly changing environment,” said Steve Milligan, president and chief executive officer. “Cash generation remained strong. Our steady financial performance continues to demonstrate an ability to manage the business and deliver ongoing value to our customers and shareholders.”

The investment community conference call to discuss these results will be broadcast live over the Internet today at 2 p.m. Pacific/5 p.m. Eastern. The live and archived conference call webcast can be accessed online at investor.wdc.com. The telephone replay number is 1-866-513-1237 in the U.S. or +1-203-369-1979 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.

This press release contains a forward-looking statement within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our position in the growth of data. This forward-looking statement is based on management's current expectations and is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement, including the impact of continued uncertainty and volatility in global economic conditions; supply and demand conditions in the hard drive industry; uncertainties concerning the availability and cost of commodity materials and specialized product components; actions by competitors; unexpected advances in competing technologies; uncertainties related to the development and introduction of products based on new technologies and expansion into new data storage opportunities; business conditions and growth in the various hard drive segments; pricing trends and fluctuations in average selling prices; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's recent Form 10-Q filed with the SEC on Jan. 31, 2014, to which your attention is directed. Readers are cautioned not to place undue reliance on this forward-looking statement, which speaks only as of the date hereof, and the company undertakes no obligation to update this forward-looking statement to reflect subsequent events or circumstances.

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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.

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- 1 Non-GAAP net income for the third quarter fiscal 2014 consists of GAAP net income of \$375 million plus \$50 million of amortization of intangibles related to the acquisitions of HGST, sTec, VeloBit and Virident, \$28 million related to asset impairment and other charges, \$13 million of charges related to litigation and \$4 million of expense due to the write-off of debt issuance costs. Non-GAAP earnings per share of \$1.94 for the third 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 third quarter fiscal 2013 consists of GAAP net income of \$391 million plus \$49 million of amortization of intangibles related to the acquisition of HGST and \$74 million related to employee termination benefits and other unrelated charges. Non-GAAP earnings per share of \$2.10 for the third quarter is calculated by using the same 245 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)

	<u>Mar. 28,</u> <u>2014</u>	<u>June 28,</u> <u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,569	\$ 4,309
Short-term investments	296	—
Accounts receivable, net	1,802	1,793
Inventories	1,277	1,188
Other current assets	362	308
Total current assets	<u>8,306</u>	<u>7,598</u>
Property, plant and equipment, net	3,406	3,700
Goodwill	2,558	1,954
Other intangible assets, net	539	605
Other non-current assets	523	179
Total assets	<u>\$15,332</u>	<u>\$14,036</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,902	\$ 1,990
Accrued arbitration award	745	706
Accrued expenses	455	480
Accrued compensation	409	453
Accrued warranty	111	114
Current portion of long-term debt	125	230
Total current liabilities	<u>3,747</u>	<u>3,973</u>
Long-term debt	2,344	1,725
Other liabilities	473	445
Total liabilities	<u>6,564</u>	<u>6,143</u>
Total shareholders' equity	8,768	7,893
Total liabilities and shareholders' equity	<u>\$15,332</u>	<u>\$14,036</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	Mar. 28, 2014	Mar. 29, 2013	Mar. 28, 2014	Mar. 29, 2013
Revenue, net	\$ 3,703	\$ 3,764	\$11,479	\$11,623
Cost of revenue	2,643	2,703	8,190	8,310
Gross profit	1,060	1,061	3,289	3,313
Operating expenses:				
Research and development	426	396	1,248	1,170
Selling, general and administrative	202	185	563	526
Charges related to arbitration award	13	—	39	—
Employee termination benefits and other charges	—	63	—	130
Total operating expenses	641	644	1,850	1,826
Operating income	419	417	1,439	1,487
Net interest and other	(13)	(11)	(34)	(35)
Income before income taxes	406	406	1,405	1,452
Income tax provision	31	15	105	207
Net income	\$ 375	\$ 391	\$ 1,300	\$ 1,245
Income per common share:				
Basic	\$ 1.60	\$ 1.64	\$ 5.51	\$ 5.14
Diluted	\$ 1.55	\$ 1.60	\$ 5.37	\$ 5.02
Weighted average shares outstanding:				
Basic	235	239	236	242
Diluted	242	245	242	248

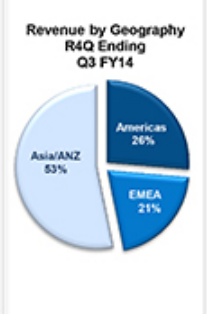
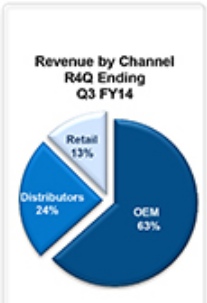
WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Nine Months Ended	
	Mar. 28, 2014	Mar. 29, 2013	Mar. 28, 2014	Mar. 29, 2013
Cash flows from operating activities				
Net income	\$ 375	\$ 391	\$ 1,300	\$ 1,245
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	307	309	936	931
Stock-based compensation	41	36	125	107
Deferred income taxes	(27)	(9)	(66)	59
Gain from insurance recovery	—	—	(65)	—
Loss on disposal of assets	4	—	33	—
Non-cash portion of employee termination benefit and other charges	—	1	—	16
Other non-cash operating activities, net	21	—	21	—
Changes in operating assets and liabilities, net	(24)	(1)	(180)	77
Net cash provided by operating activities	<u>697</u>	<u>727</u>	<u>2,104</u>	<u>2,435</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(161)	(188)	(467)	(816)
Acquisitions, net of cash acquired	—	26	(823)	(1)
Purchase of investments	(470)	(2)	(470)	(17)
Other investing activities, net	—	—	4	—
Net cash used in investing activities	<u>(631)</u>	<u>(164)</u>	<u>(1,756)</u>	<u>(834)</u>
Cash flows from financing activities				
Employee stock plans, net	42	39	139	152
Repurchases of common stock	(244)	(243)	(544)	(607)
Dividends to shareholders	(71)	—	(189)	(121)
Proceeds from debt, net of issuance costs	2,492	—	2,992	—
Repayment of debt	(2,371)	(115)	(2,486)	(173)
Net cash used in financing activities	<u>(152)</u>	<u>(319)</u>	<u>(88)</u>	<u>(749)</u>
Net increase (decrease) in cash and cash equivalents	(86)	244	260	852
Cash and cash equivalents, beginning of period	4,655	3,816	4,309	3,208
Cash and cash equivalents, end of period	<u>\$ 4,569</u>	<u>\$ 4,060</u>	<u>\$ 4,569</u>	<u>\$ 4,060</u>

Amounts in millions, except per share amounts, ASP, percentages		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	Q2 FY14	Q3 FY14
TAM		1562	1640	1675	1695	1658	1763	1781	1464	1567	1391	1358	1359	1333	1402	1422	1370
HDD Share		31.8%	30.9%	31.2%	31.2%	32.5%	32.8%	23.9%	30.2%	45.3%	44.9%	43.6%	44.2%	44.9%	44.7%	44.4%	44.1%
Units (HDD) ¹		49.7	50.7	52.2	49.8	53.8	57.8	28.5	44.2	71.0	62.9	59.2	60.2	59.9	62.6	63.1	60.4
ASP (HDD)		\$47	\$46	\$47	\$45	\$44	\$46	\$69	\$68	\$65	\$62	\$62	\$61	\$60	\$59	\$60	\$58
Revenue		\$2,382	\$2,396	\$2,475	\$2,292	\$2,403	\$2,694	\$1,995	\$3,025	\$4,754	\$4,035	\$3,824	\$3,764	\$3,728	\$3,804	\$3,972	\$3,703
Gross Profit		\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,163	\$1,059	\$1,061	\$1,050	\$1,088	\$1,141	\$1,060
Gross Margin		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%	28.6%	28.7%	28.6%
R&D		\$154	\$167	\$169	\$179	\$188	\$193	\$191	\$265	\$400	\$396	\$378	\$396	\$402	\$401	\$421	\$426
SG&A		61	59	66	63	77	71	65	122	178	179	162	165	150	132	229	202
Other		27	-	-	10	32	18	210	48	80	26	41	63	689	13	13	13
Total Operating Expenses		\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$664	\$601	\$581	\$644	\$1,271	\$546	\$663	\$641
Operating Income (Loss)		\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$989	\$592	\$478	\$417	\$221	\$542	\$478	\$419
Net Income (Loss)		\$265	\$197	\$225	\$156	\$193	\$239	\$145	\$483	\$745	\$519	\$335	\$301	\$265	\$495	\$430	\$375
EPS		\$1.13	\$0.84	\$0.96	\$0.62	\$0.87	\$1.01	\$0.61	\$1.96	\$3.27	\$2.06	\$1.36	\$1.60	\$(1.12)	\$2.05	\$1.77	\$1.55
Diluted Shares Outstanding		235	234	235	236	237	237	237	246	290	252	246	245	236	242	243	242



Non-GAAP Results		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	Q2 FY14	Q3 FY14
Gross Profit		\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,065	\$1,135	\$1,196	\$1,115
Gross Margin		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%	29.8%	30.1%	30.1%
Net Income		\$265	\$197	\$225	\$156	\$193	\$239	\$145	\$483	\$745	\$519	\$335	\$301	\$265	\$495	\$430	\$375
EPS ²		\$1.13	\$0.84	\$0.96	\$0.62	\$0.87	\$1.01	\$0.61	\$1.96	\$3.27	\$2.06	\$1.36	\$1.60	\$(1.12)	\$2.05	\$1.77	\$1.55

Revenue By Channel		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	Q2 FY14	Q3 FY14
OEM		54%	50%	45%	47%	55%	53%	59%	64%	69%	43%	61%	60%	66%	64%	62%	62%
Distributors		29%	32%	33%	33%	29%	29%	25%	28%	21%	24%	24%	26%	23%	24%	24%	25%
Retail		17%	18%	22%	20%	16%	18%	16%	8%	10%	13%	15%	14%	11%	12%	14%	13%

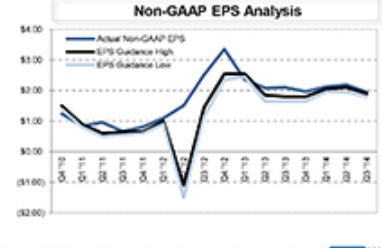
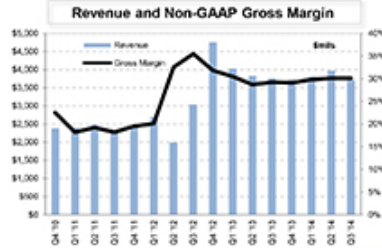
Revenue by Geography		Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11	Q4 FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14
Americas		25%	23%	22%	22%	20%	19%	22%	21%	27%	23%	27%	27%	28%	26%	25%	25%
EMEA		21%	23%	25%	24%	20%	22%	21%	18%	18%	18%	23%	22%	19%	20%	23%	21%
Asia/ANZ		54%	54%	53%	54%	60%	59%	57%	61%	55%	59%	50%	51%	53%	54%	52%	54%

Top 10 Customers Revenue		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	Q2 FY14	Q3 FY14
Enterprise SSD Revenue		\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$11	\$54	\$70	\$89	\$92	\$104	\$106	\$155	\$134

PC Units ³		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	Q2 FY14	Q3 FY14
Notebook		16,802	16,582	17,365	16,227	16,667	19,622	9,814	10,067	32,773	25,887	21,300	21,547	23,959	22,912	22,652	21,814
Desktop		20,282	20,918	20,411	20,118	22,348	21,588	11,391	15,975	21,211	16,819	17,717	18,383	16,155	17,207	16,825	16,635

Non-PC Units		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	Q2 FY14	Q3 FY14
Consumer Electronics ⁴		5,306	5,239	4,709	4,785	6,459	7,188	2,352	3,643	4,155	8,019	6,452	6,517	6,544	8,474	8,794	8,573
Branded		5,005	5,678	7,427	6,404	5,672	7,000	3,191	2,926	4,900	5,767	7,139	6,517	5,281	6,146	7,018	6,272
Enterprise		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	7,783	7,129
Total HDD		49,741	50,736	52,216	49,832	53,809	57,827	28,472	44,227	71,035	62,480	59,241	60,175	59,896	62,610	63,062	60,423

Average GB Shipped		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	Q2 FY14	Q3 FY14
EB Shipped		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	55.1	53.6
R4Q EB Shipped		85.1	94.1	102.5	107.7	117.8	128.5	114.6	111.5	126.3	133.9	165.1	187.8	188.0	194.5	202.0	207.2



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																
	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	Q2 FY14	Q3 FY14
Cash and Cash Equivalents	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,904	\$3,377	\$3,208	\$3,537	\$3,816	\$4,080	\$4,309	\$4,889	\$4,655	\$4,589
Short Term & Long Term Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt	(460)	(375)	(350)	(325)	(294)	(263)	(231)	(2,743)	(2,185)	(2,125)	(2,125)	(2,013)	(1,955)	(2,398)	(2,340)	(2,489)
Net Cash, Cash Equivalents & Investments	\$2,334	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693	\$634	\$1,023	\$1,409	\$1,691	\$2,067	\$2,354	\$2,471	\$2,315	\$2,100
Cash Flow From Operations	\$363	\$300	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$936	\$772	\$727	\$654	\$680	\$727	\$697
Free Cash Flow	\$178	\$190	\$265	\$138	\$204	\$218	\$258	\$1,069	\$934	\$554	\$526	\$539	\$548	\$544	\$557	\$536
Capital Expenditures	\$185	\$200	\$250	\$175	\$153	\$134	\$120	\$139	\$204	\$382	\$246	\$188	\$156	\$136	\$170	\$161
Depreciation and Amortization	\$134	\$150	\$151	\$151	\$150	\$158	\$140	\$188	\$339	\$313	\$309	\$309	\$302	\$312	\$317	\$307
EBITDA	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787	\$726	\$61	\$854	\$795	\$726
Accounts Receivable, Net	\$1,256	\$1,325	\$1,250	\$1,171	\$1,206	\$1,356	\$747	\$2,377	\$2,364	\$1,951	\$1,732	\$1,700	\$1,793	\$1,791	\$1,969	\$1,802
Raw Materials	\$159	\$156	\$141	\$151	\$172	\$170	\$191	\$329	\$245	\$237	\$193	\$191	\$167	\$208	\$201	\$204
Work in Process	255	266	274	260	263	275	185	667	552	559	561	563	575	579	561	519
Finished Goods	146	140	153	163	142	250	90	286	413	528	430	433	446	457	511	554
Total Inventory	\$566	\$561	\$558	\$574	\$577	\$645	\$466	\$1,292	\$1,310	\$1,304	\$1,304	\$1,197	\$1,188	\$1,244	\$1,293	\$1,277
Property, Plant and Equipment, Net	\$2,159	\$2,245	\$2,277	\$2,249	\$2,324	\$2,209	\$2,091	\$4,171	\$4,067	\$4,027	\$3,958	\$3,803	\$3,700	\$3,638	\$3,509	\$3,406
Accounts Payable	\$1,507	\$1,703	\$1,828	\$1,486	\$1,545	\$1,708	\$883	\$2,774	\$2,773	\$2,545	\$2,185	\$2,037	\$1,990	\$2,061	\$2,106	\$1,902
Days Sales Outstanding	48	50	48	47	46	46	34	71	45	44	41	41	44	43	45	44
Days Inventory Outstanding	28	26	26	28	27	27	31	57	34	42	40	40	40	42	42	44
Days Payables Outstanding	74	79	74	73	73	72	60	123	77	82	72	69	67	69	68	65
Cash Conversion Cycle	2	(3)	(2)	2	-	1	5	5	2	4	9	12	17	16	19	23
Inventory Turns	10	14	14	13	13	13	12	6	11	9	9	9	9	9	9	8
Dividends Paid	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$121	\$-	\$90	\$59	\$59	\$71
Shares Repurchased	-	1.8	-	-	-	-	-	-	16.4	5.2	4.2	5.2	4.4	2.3	2.0	2.8
Shares Repurchased	\$-	\$50	\$-	\$-	\$-	\$-	\$-	\$-	\$604	\$218	\$146	\$243	\$235	\$150	\$150	\$244
Remaining Amount Authorized	\$466	\$416	\$416	\$416	\$416	\$416	\$416	\$1,312	\$2,594	\$2,448	\$2,205	\$1,970	\$1,820	\$1,870	\$1,426	
R4Q Economic Profit ⁵	\$826	\$714	\$454	\$213	\$92	\$113	\$15	\$(83)	\$542	\$801	\$976	\$884	\$(99)	\$(176)	\$(109)	\$(158)
R4Q ROIC ⁶	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%	10.5%	10.2%
R4Q ROA ⁶	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%	7.2%	7.0%
Worldwide Headcount ⁷	62,500	62,817	62,991	61,249	65,431	67,799	67,121	106,804	103,111	96,002	93,820	87,565	85,777	87,586	87,976	84,556

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

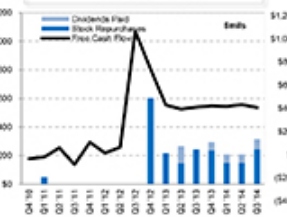
Gross vs. Net Cash, Cash Equivalents & Investments



R&D and Capital Expenditures



Free Cash Flow



R4Q ROIC & R4Q Economic Profit⁵



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	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	Q2 FY14	Q3 FY14
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	\$363	\$390	\$505	\$313	\$447	\$362	\$378	\$1,208	\$1,128	\$936	\$772	\$727	\$684	\$680	\$727	\$697
Capital Expenditures	(155)	(200)	(250)	(173)	(153)	(134)	(120)	(139)	(224)	(282)	(245)	(188)	(136)	(136)	(172)	(161)
Free Cash Flow	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$904	\$654	\$528	\$539	\$548	\$544	\$557	\$536
Reconciliation of Net Income to EBITDA																
Net Income (Loss)	\$265	\$197	\$225	\$146	\$156	\$239	\$145	\$483	\$745	\$519	\$335	\$391	\$(265)	\$495	\$430	\$375
Interest	1	-	1	(1)	2	1	2	4	7	14	10	11	9	10	11	13
Income Tax Expense	27	14	14	13	12	19	15	55	56	59	133	15	35	27	27	21
Depreciation and Amortization	134	150	151	151	150	158	140	185	339	313	300	306	302	312	317	307
EBITDA	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787	\$726	\$61	\$654	\$795	\$726
Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit																
Gross Profit	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,193	\$1,059	\$1,061	\$1,050	\$1,088	\$1,141	\$1,060
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	-	91	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	11	15	16
Amortization of Intangibles	-	-	-	-	-	-	-	9	39	38	38	36	35	36	40	39
Non-GAAP Gross Profit	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,085	\$1,135	\$1,196	\$1,115
Revenue	\$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	\$3,804	\$3,972	\$3,703
Gross Margin	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.0%	29.8%	27.7%	28.2%	28.2%	28.8%	28.7%	28.6%
Non-GAAP Gross Margin	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	35.5%	31.6%	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%
Reconciliation of Net Income (Loss) to Non-GAAP Net Income																
Net Income (Loss)	\$265	\$197	\$225	\$146	\$156	\$239	\$145	\$483	\$745	\$519	\$335	\$391	\$(265)	\$495	\$430	\$375
Acquisition-Related Expense	-	-	-	10	10	14	14	34	-	-	-	-	7	13	-	-
Litigation	27	-	-	-	25	7	-	-	-	-	-	-	681	13	25	13
Charges Related to Flooding, Net	-	-	-	-	-	199	15	-	-	-	-	-	-	-	-	-
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	-	91	-	-	-	-	-	-	-	-
Amortization of Intangibles	-	-	-	-	-	-	-	12	51	49	49	49	46	47	51	50
Restructuring and other	-	-	-	-	-	-	-	-	80	26	41	74	8	11	26	28
Insurance Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	(85)	-	-
Write-off of debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
Tax Impact	-	-	-	-	-	-	-	(16)	(5)	-	88	-	-	-	-	-
Non-GAAP Net Income	\$292	\$197	\$225	\$156	\$190	\$260	\$308	\$619	\$872	\$584	\$513	\$514	\$477	\$514	\$532	\$470
EPS	\$1.13	\$0.84	\$0.96	\$0.62	\$0.87	\$1.01	\$0.61	\$1.96	\$2.87	\$2.06	\$1.36	\$1.60	\$(1.12)	\$2.05	\$1.77	\$1.55
Non-GAAP EPS	\$1.24	\$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	\$2.19	\$1.94
Diluted Shares Outstanding	235	234	235	236	237	237	237	246	260	252	246	245	236	242	243	242
Non-GAAP Diluted Shares Outstanding ¹	235	234	235	236	237	237	237	246	260	252	246	245	243	242	243	242

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	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	Q2 FY14	Q3 FY14	
Reconciliation of Operating Income (Loss) to R4Q Economic Profit																					
Operating Income (Loss)	\$209	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$808	\$992	\$478	\$417	\$,221	\$542	\$478	\$419	
Income Tax Provision	(11)	(29)	(42)	(42)	(27)	(14)	(14)	(13)	(12)	(19)	(15)	(25)	(26)	(39)	(133)	(15)	(25)	(27)	(27)	(23)	
Net Operating Profit After Taxes	198	290	431	401	266	197	226	145	160	240	147	487	752	953	345	402	(256)	505	441	386	
R4Q Net Operating Profit After Taxes		972	1,320	1,388	1,295	1,090	834	728	771	692	1,034	1,426	1,919	2,117	2,032	1,024	996	1,092	1,078		
Invested Capital x WACC	(488)	(534)	(562)	(581)	(581)	(626)	(621)	(636)	(658)	(677)	(1,117)	(1,084)	(1,118)	(1,141)	(1,148)	(1,082)	(1,172)	(1,201)	(1,236)		
R4Q Economic Profit		\$454	\$758	\$826	\$714	\$464	\$213	\$92	\$113	\$15	\$302	\$542	\$801	\$976	\$894	\$,599	\$,176	\$,176	\$,109	\$,150	

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

- ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates.
- Unit volume excludes WD TV Media Players without hard drives, WD LiveWire, SSD and media.
- Worldwide Headcount excludes temporary and contracted employees.
- Consumer Electronics includes gaming.
- PC includes shipments to distributors, second-third tier external HDD manufacturers, and white box manufacturers.
- 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.
- WACC of 11% is an internal assumption.
- Q2 FY12 includes charges related to the flooding. Q4 FY13 includes charges related to the arbitration award.
- TAM is preliminary and based on internal information.