
**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): July 29, 2015

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 July 29, 2015, Western Digital Corporation (“Western Digital”) announced financial results for the fourth fiscal quarter and fiscal year ended July 3, 2015. 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 fourth fiscal quarter ended July 3, 2015 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, 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 July 29, 2015 announcing financial results for the fourth fiscal quarter and fiscal year ended July 3, 2015.
- 99.2 Fourth Quarter Fiscal Year 2015 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)

Date: July 29, 2015

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



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FOR IMMEDIATE RELEASE:**WESTERN DIGITAL ANNOUNCES FINANCIAL RESULTS FOR
FOURTH QUARTER AND FISCAL YEAR 2015**

IRVINE, Calif. — July 29, 2015 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$3.2 billion and net income of \$220 million, or \$0.94 per share, for its fourth fiscal quarter ended July 3, 2015. On a non-GAAP basis, net income was \$356 million, or \$1.51 per share. In the year-ago quarter, the company reported revenue of \$3.7 billion and net income of \$317 million, or \$1.32 per share. Non-GAAP net income in the year-ago quarter was \$445 million, or \$1.85 per share.

The company generated \$488 million in cash from operations during the fourth fiscal quarter, ending with total cash and cash equivalents of \$5.0 billion. It utilized \$198 million to repurchase 2.0 million shares of its common stock. On May 5, the company declared a cash dividend of \$0.50 per share of its common stock, which was paid on July 15.

For the 2015 fiscal year, the company achieved revenue of \$14.6 billion and net income of \$1.5 billion, or \$6.18 per share, compared to fiscal year 2014 revenue of \$15.1 billion and net income of \$1.6 billion, or \$6.68 per share. On a non-GAAP basis, fiscal year 2015 net income was \$1.8 billion, or \$7.76 per share, compared to fiscal year 2014 net income of \$2.0 billion, or \$8.10 per share. The company generated \$2.2 billion in cash from operations during the 2015 fiscal year and it utilized \$1.4 billion for dividends and share repurchases.

“I am satisfied with our execution and performance in the fourth fiscal quarter in light of the weak PC market,” said Steve Milligan, president and chief executive officer. “Our financial performance reflects our strong product and technology positioning coupled with solid execution. We remain positive about the opportunity to create long term value in the evolving storage ecosystem.”

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 1-800-348-3536 in the U.S. or +1-203-369-3257 for international callers.

About Western Digital

Founded in 1970, Western Digital Corp. (NASDAQ: WDC), Irvine, Calif., is an industry-leading developer and manufacturer of storage solutions that enable people to create, manage, experience and preserve digital content. Its HGST and WD® subsidiaries are long-time innovators in the storage industry. Western Digital Corporation is responding to changing market needs by providing a full portfolio of compelling, high-quality storage products with effective technology deployment, high efficiency, flexibility and speed. Our products are marketed under the HGST, WD and G-Technology™ brands to OEMs, distributors, resellers, cloud infrastructure providers and consumers. Financial and investor information is available on the company’s Investor Relations website at investor.wdc.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning its product and technology positioning, execution and market opportunities. 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, including: volatility in global economic conditions; business conditions and growth in the storage ecosystem; pricing trends and fluctuations in average selling prices; the availability and cost of commodity materials and specialized product components; actions by competitors;

unexpected advances in competing technologies; the development and introduction of products based on new technologies and expansion into new data storage markets; 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 12, 2015, 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.

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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.

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions; unaudited)

	Jul. 3, 2015	Jun. 27, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,024	\$ 4,804
Short-term investments	262	284
Accounts receivable, net	1,532	1,989
Inventories	1,368	1,226
Other current assets	331	417
Total current assets	8,517	8,720
Property, plant and equipment, net	2,965	3,293
Goodwill	2,766	2,559
Other intangible assets, net	332	454
Other non-current assets	601	473
Total assets	<u>\$15,181</u>	<u>\$15,499</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,881	\$ 1,971
Accrued arbitration award	—	758
Accrued expenses	470	412
Accrued compensation	330	460
Accrued warranty	150	119
Short-term debt	255	—
Current portion of long-term debt	156	125
Total current liabilities	3,242	3,845
Long-term debt	2,156	2,313
Other liabilities	564	499
Total liabilities	5,962	6,657
Total shareholders' equity	<u>9,219</u>	<u>8,842</u>
Total liabilities and shareholders' equity	<u>\$15,181</u>	<u>\$15,499</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

	Three Months Ended		Years Ended	
	Jul. 3, 2015	Jun. 27, 2014	Jul. 3, 2015	Jun. 27, 2014
Revenue, net	\$ 3,191	\$ 3,651	\$14,572	\$15,130
Cost of revenue	2,261	2,622	10,351	10,770
Gross profit	930	1,029	4,221	4,360
Operating expenses:				
Research and development	381	426	1,646	1,661
Selling, general and administrative	190	202	773	761
Charges related to arbitration award	—	13	15	52
Employee termination, asset impairment and other charges	104	36	176	95
Total operating expenses	675	677	2,610	2,569
Operating income	255	352	1,611	1,791
Net interest and other	(8)	(5)	(34)	(39)
Income before income taxes	247	347	1,577	1,752
Income tax provision	27	30	112	135
Net income	\$ 220	\$ 317	\$ 1,465	\$ 1,617
Income per common share:				
Basic	\$ 0.95	\$ 1.35	\$ 6.31	\$ 6.88
Diluted	\$ 0.94	\$ 1.32	\$ 6.18	\$ 6.68
Weighted average shares outstanding:				
Basic	231	234	232	235
Diluted	235	241	237	242

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Years Ended	
	Jul. 3, 2015	Jun. 27, 2014	Jul. 3, 2015	Jun. 27, 2014
Operating Activities				
Net income	\$ 220	\$ 317	\$ 1,465	\$ 1,617
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	250	308	1,114	1,244
Stock-based compensation	45	31	162	156
Deferred income taxes	19	53	28	(13)
Gain from insurance recovery	—	—	(37)	(65)
Loss on disposal of assets	3	7	17	40
Non-cash portion of employee termination, asset impairment and other charges	74	36	86	62
Other non-cash operating activities, net	—	5	—	9
Changes in operating assets and liabilities, net	(123)	(44)	(593)	(234)
Net cash provided by operating activities	<u>488</u>	<u>713</u>	<u>2,242</u>	<u>2,816</u>
Investing Activities				
Purchases of property, plant and equipment	(156)	(161)	(612)	(628)
Acquisitions, net of cash acquired	(10)	—	(257)	(823)
Purchases of investments	(170)	(91)	(857)	(561)
Proceeds from sales and maturities of investments	103	72	768	72
Proceeds from sale of property, plant and equipment	—	—	7	—
Other investing activities, net	(8)	—	(2)	4
Net cash used in investing activities	<u>(241)</u>	<u>(180)</u>	<u>(953)</u>	<u>(1,936)</u>
Financing Activities				
Employee stock plans, net	55	75	167	215
Repurchases of common stock	(198)	(272)	(970)	(816)
Dividends paid to shareholders	(116)	(70)	(396)	(259)
Proceeds from debt, net of issuance costs	255	—	255	2,992
Repayment of debt	(31)	(31)	(125)	(2,517)
Net cash used in financing activities	<u>(35)</u>	<u>(298)</u>	<u>(1,069)</u>	<u>(385)</u>
Net increase in cash and cash equivalents	212	235	220	495
Cash and cash equivalents, beginning of period	<u>4,812</u>	<u>4,569</u>	<u>4,804</u>	<u>4,309</u>
Cash and cash equivalents, end of period	<u>\$ 5,024</u>	<u>\$ 4,804</u>	<u>\$ 5,024</u>	<u>\$ 4,804</u>

WESTERN DIGITAL CORPORATION

GAAP TO NON-GAAP NET INCOME RECONCILIATION

(in millions, except per share amounts; unaudited)

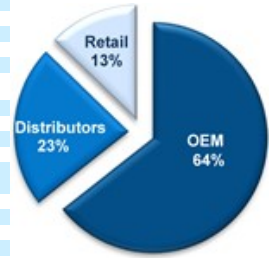
	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>Jul. 3, 2015</u>	<u>Jun. 27, 2014</u>	<u>Jul. 3, 2015</u>	<u>Jun. 27, 2014</u>
GAAP net income	\$ 220	\$ 317	\$1,465	\$1,617
Non-GAAP adjustments:				
Amortization of intangible assets	28	47	163	195
Employee termination, asset impairment and other charges	104	36	176	95
Charges related to arbitration award	—	13	15	52
Acquisition-related adjustments	—	—	3	13
Flood-related insurance recovery	—	—	(37)	(65)
Other	4	32	55	54
Non-GAAP net income	<u>\$ 356</u>	<u>\$ 445</u>	<u>\$1,840</u>	<u>\$1,961</u>
Diluted net income per common share:				
GAAP	<u>\$ 0.94</u>	<u>\$ 1.32</u>	<u>\$ 6.18</u>	<u>\$ 6.68</u>
Non-GAAP	<u>\$ 1.51</u>	<u>\$ 1.85</u>	<u>\$ 7.76</u>	<u>\$ 8.10</u>
Weighted average shares outstanding:				
Diluted	<u>235</u>	<u>241</u>	<u>237</u>	<u>242</u>

The table above sets forth non-GAAP net income and non-GAAP diluted net income per common share. These non-GAAP net income and diluted net income per common share measures exclude amortization of intangible assets related to acquisitions, certain employee termination, asset impairment and other charges, certain charges related to an arbitration award and other charges that are unusual, non-recurring or may not be indicative of ongoing operations. The Company believes that non-GAAP net income and non-GAAP earnings per share are useful measures to investors as an alternative method for measuring the Company's earnings performance and comparing it against prior periods. The presentation of these adjusted amounts vary from numbers presented in accordance with U.S. GAAP and therefore may not be comparable to amounts reported by other companies. The tax effect of the aforementioned items was not material to the condensed consolidated statements of income for the three and twelve month periods ended July 3, 2015 and June 27, 2014.

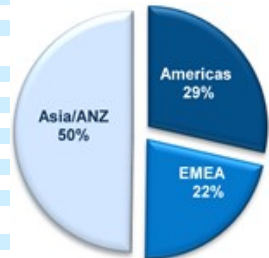
Amounts in millions, except per share amounts, ASP, percentages

	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
TAM	176.3	119.1	146.4	156.7	139.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	147.3	140.8	125.0	111.0
HDD Share	32.8%	23.9%	30.2%	45.3%	44.9%	43.6%	44.3%	44.9%	44.7%	44.4%	43.8%	45.7%	44.0%	43.4%	43.6%	43.7%
Units (HDD) ²	57.8	28.5	44.2	71.0	62.5	59.2	60.2	59.9	62.6	63.1	60.4	63.1	64.7	61.0	54.5	48.5
ASP (HDD)	\$ 46	\$ 69	\$ 68	\$ 65	\$ 62	\$ 62	\$ 61	\$ 60	\$ 58	\$ 60	\$ 58	\$ 56	\$ 58	\$ 60	\$ 61	\$ 60
Revenue	\$ 2,694	\$ 1,995	\$ 3,035	\$ 4,754	\$ 4,035	\$ 3,824	\$ 3,764	\$ 3,728	\$ 3,804	\$ 3,972	\$ 3,703	\$ 3,651	\$ 3,943	\$ 3,888	\$ 3,550	\$ 3,191
Gross Profit	\$ 541	\$ 648	\$ 977	\$ 1,472	\$ 1,193	\$ 1,059	\$ 1,061	\$ 1,050	\$ 1,099	\$ 1,156	\$ 1,076	\$ 1,029	\$ 1,149	\$ 1,110	\$ 1,032	\$ 930
Gross Margin	20.1%	32.5%	32.2%	31.0%	29.6%	27.7%	28.2%	28.2%	28.9%	29.1%	29.1%	28.2%	29.1%	28.5%	29.1%	29.1%
R&D	\$ 193	\$ 191	\$ 265	\$ 406	\$ 396	\$ 378	\$ 396	\$ 402	\$ 401	\$ 416	\$ 418	\$ 426	\$ 437	\$ 426	\$ 402	\$ 381
SG&A	71	85	122	178	179	162	185	180	132	226	201	202	220	164	199	190
Other	18	210	48	80	26	41	63	689	24	36	38	49	23	54	10	104
Total Operating Expenses	\$ 282	\$ 486	\$ 435	\$ 664	\$ 601	\$ 581	\$ 644	\$ 1,271	\$ 557	\$ 678	\$ 657	\$ 677	\$ 680	\$ 644	\$ 611	\$ 675
Operating Income (Loss)	\$ 259	\$ 162	\$ 542	\$ 808	\$ 592	\$ 478	\$ 417	\$ (221)	\$ 542	\$ 478	\$ 419	\$ 352	\$ 469	\$ 466	\$ 421	\$ 255
Net Income (Loss)	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384	\$ 220
EPS	\$ 1.01	\$ 0.61	\$ 1.96	\$ 2.87	\$ 2.06	\$ 1.36	\$ 1.60	\$ (1.12)	\$ 2.05	\$ 1.77	\$ 1.55	\$ 1.32	\$ 1.76	\$ 1.84	\$ 1.63	\$ 0.94
Diluted Shares Outstanding	237	237	246	260	252	246	245	236	242	243	242	241	240	238	236	235
Non-GAAP Results																
Gross Profit ¹⁰	\$ 541	\$ 648	\$ 1,077	\$ 1,511	\$ 1,231	\$ 1,097	\$ 1,099	\$ 1,085	\$ 1,135	\$ 1,196	\$ 1,115	\$ 1,078	\$ 1,188	\$ 1,187	\$ 1,069	\$ 951
Gross Margin ¹⁰	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%	29.5%	30.1%	30.5%	30.1%	29.8%
Operating Expenses ¹⁰	\$ 261	\$ 273	\$ 383	\$ 572	\$ 564	\$ 529	\$ 559	\$ 564	\$ 574	\$ 616	\$ 605	\$ 598	\$ 638	\$ 620	\$ 591	\$ 560
Net Income	\$ 260	\$ 358	\$ 619	\$ 872	\$ 594	\$ 513	\$ 514	\$ 477	\$ 514	\$ 532	\$ 470	\$ 445	\$ 504	\$ 539	\$ 441	\$ 356
EPS ⁶	\$ 1.10	\$ 1.51	\$ 2.52	\$ 3.35	\$ 2.36	\$ 2.09	\$ 2.10	\$ 1.96	\$ 2.12	\$ 2.19	\$ 1.94	\$ 1.85	\$ 2.10	\$ 2.26	\$ 1.87	\$ 1.51
Revenue By Channel																
OEM	53%	59%	64%	69%	63%	61%	60%	66%	64%	62%	62%	65%	63%	63%	64%	67%
Distributors	29%	25%	28%	21%	24%	24%	26%	23%	24%	24%	25%	23%	24%	23%	23%	21%
Retail	18%	16%	8%	10%	13%	15%	14%	11%	12%	14%	13%	12%	13%	14%	13%	12%
Revenue by Geography																
Americas	19%	22%	21%	27%	23%	27%	27%	28%	26%	25%	25%	24%	27%	27%	29%	32%
EMEA	22%	21%	18%	18%	18%	23%	22%	19%	20%	23%	21%	20%	21%	24%	21%	21%
Asia/ANZ	59%	57%	61%	55%	59%	50%	51%	53%	54%	52%	54%	56%	52%	49%	50%	47%
Top 10 Customers Revenue																
Enterprise SSD Revenue	\$ —	\$ —	\$ 11	\$ 54	\$ 70	\$ 89	\$ 92	\$ 104	\$ 106	\$ 155	\$ 134	\$ 113	\$ 156	\$ 187	\$ 224	\$ 244
Non-PC Revenue ¹²	36%	34%	31%	45%	46%	51%	51%	52%	53%	54%	53%	54%	55%	58%	60%	65%
PC Units⁵																
Notebook	19,622	9,814	18,067	32,773	25,887	21,300	21,547	23,989	22,912	22,662	21,814	22,899	23,396	21,178	18,785	15,513
Desktop	21,588	11,391	15,975	21,211	16,819	17,717	18,383	16,185	17,307	16,825	16,635	16,182	16,320	15,375	13,523	11,601
Non-PC Units																
Consumer Electronics ⁴	7,188	2,352	3,643	4,155	8,019	6,452	6,517	6,544	8,474	8,794	8,573	10,906	10,485	9,295	8,610	9,056
Branded	7,060	3,191	2,926	4,986	5,767	7,139	6,517	5,281	6,146	7,018	6,272	6,012	6,780	7,156	6,090	5,151
Enterprise	2,369	1,724	3,616	7,913	5,988	6,633	7,211	7,897	7,771	7,783	7,129	7,098	7,763	8,041	7,519	7,199
Total HDD	57,827	28,472	44,227	71,038	62,480	59,241	60,175	59,896	62,610	63,082	60,423	63,097	64,744	61,045	54,527	48,520
Average GB Shipped	634	578	581	668	708	804	805	797	811	874	888	875	1,001	1,088	1,123	1,159
EB Shipped	36.7	16.5	25.7	47.4	44.3	47.6	48.4	47.7	50.8	55.1	53.6	55.2	64.8	66.4	61.3	56.2
R4Q EB Shipped	128.5	114.6	111.5	126.3	133.9	165.1	187.8	188.0	194.5	202.0	207.2	214.7	228.7	240.0	247.7	248.7

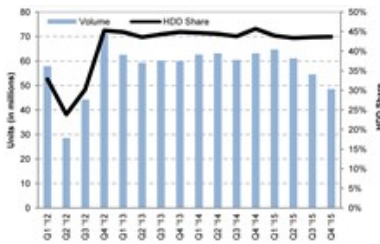
Revenue by Channel R4Q Ending Q4 FY15



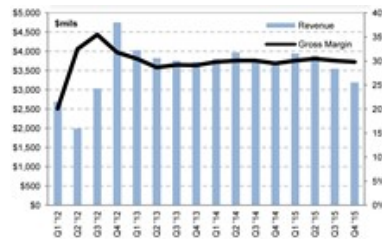
Revenue by Geography R4Q Ending Q4 FY15



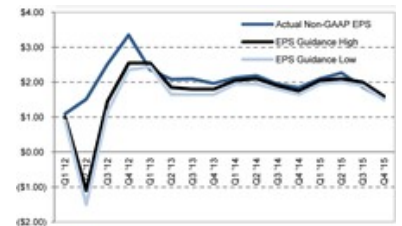
Volume and HDD Share²



Revenue and Non-GAAP Gross Margin¹⁰



Non-GAAP EPS Analysis

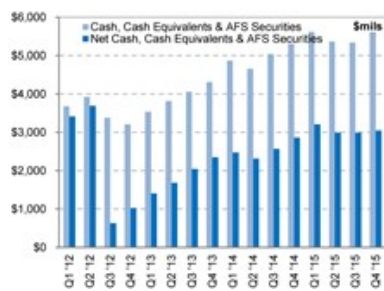


Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this quarterly fact sheet.

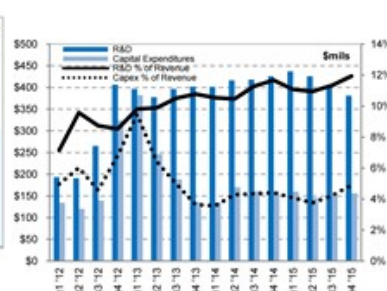
Balance sheet, cash flows, earnings, dividends and share repurchase amounts in millions

	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15 ¹	
Cash and Cash Equivalents	\$ 3,675	\$ 3,924	\$ 3,377	\$ 3,208	\$ 3,537	\$ 3,816	\$ 4,060	\$ 4,309	\$ 4,869	\$ 4,655	\$ 4,569	\$ 4,804	\$ 5,159	\$ 4,902	\$ 4,812	\$ 5,024	
Available-for-Sale (AFS) Securities																	
Debt	(263)	(231)	(2,743)	(2,185)	(2,128)	(2,128)	(2,013)	(1,955)	(2,398)	(2,340)	(2,469)	(2,438)	(2,406)	(2,375)	(2,344)	(2,567)	Business Model (Non-GAAP)
Net Cash, Cash Equivalents & AFS Securities	\$ 3,412	\$ 3,693	\$ 634	\$ 1,023	\$ 1,409	\$ 1,688	\$ 2,047	\$ 2,354	\$ 2,471	\$ 2,315	\$ 2,570	\$ 2,865	\$ 3,207	\$ 2,992	\$ 2,991	\$ 3,047	
Cash Flow From Operations	\$ 352	\$ 378	\$ 1,208	\$ 1,128	\$ 936	\$ 772	\$ 727	\$ 684	\$ 680	\$ 727	\$ 697	\$ 713	\$ 827	\$ 243	\$ 684	\$ 488	Gross Margin*
Free Cash Flow	\$ 218	\$ 258	\$ 1,069	\$ 804	\$ 554	\$ 526	\$ 539	\$ 548	\$ 544	\$ 557	\$ 536	\$ 552	\$ 667	\$ 97	\$ 534	\$ 332	27%-32%
Capital Expenditures	\$ 134	\$ 120	\$ 139	\$ 324	\$ 382	\$ 246	\$ 188	\$ 136	\$ 136	\$ 170	\$ 161	\$ 161	\$ 160	\$ 146	\$ 150	\$ 156	
Depreciation and Amortization	\$ 158	\$ 140	\$ 188	\$ 339	\$ 313	\$ 309	\$ 309	\$ 302	\$ 312	\$ 317	\$ 307	\$ 308	\$ 289	\$ 290	\$ 285	\$ 250	Operating Expense*
EBITDA	\$ 417	\$ 302	\$ 730	\$ 1,147	\$ 905	\$ 787	\$ 726	\$ 81	\$ 854	\$ 795	\$ 726	\$ 660	\$ 758	\$ 756	\$ 706	\$ 505	10%-12%
Accounts Receivable, Net	\$ 1,356	\$ 747	\$ 2,377	\$ 2,364	\$ 1,951	\$ 1,732	\$ 1,700	\$ 1,793	\$ 1,791	\$ 1,959	\$ 1,802	\$ 1,989	\$ 1,915	\$ 1,880	\$ 1,696	\$ 1,532	
Inventories																	Operating Income*
Raw Materials	\$ 170	\$ 191	\$ 329	\$ 245	\$ 237	\$ 193	\$ 191	\$ 167	\$ 208	\$ 201	\$ 204	\$ 168	\$ 178	\$ 154	\$ 173	\$ 168	15%-22%
Work in Process	275	185	667	552	559	581	583	575	579	581	519	493	509	510	498	500	
Finished Goods	200	90	286	413	508	430	423	446	457	511	554	565	585	618	651	700	Tax
Total Inventory	\$ 645	\$ 466	\$ 1,282	\$ 1,210	\$ 1,304	\$ 1,204	\$ 1,197	\$ 1,188	\$ 1,244	\$ 1,293	\$ 1,277	\$ 1,226	\$ 1,272	\$ 1,282	\$ 1,322	\$ 1,368	7%-10% of Income Before Tax
Property, Plant and Equipment, Net	\$ 2,209	\$ 2,091	\$ 4,171	\$ 4,067	\$ 4,027	\$ 3,938	\$ 3,803	\$ 3,700	\$ 3,638	\$ 3,509	\$ 3,406	\$ 3,293	\$ 3,202	\$ 3,099	\$ 3,051	\$ 2,965	
Accounts Payable	\$ 1,708	\$ 883	\$ 2,774	\$ 2,773	\$ 2,545	\$ 2,185	\$ 2,037	\$ 1,990	\$ 2,061	\$ 2,106	\$ 1,902	\$ 1,971	\$ 2,016	\$ 2,071	\$ 2,020	\$ 1,881	
Days Sales Outstanding ¹¹	46	34	71	45	44	41	41	44	43	45	44	50	48	44	44	44	Capital Expenditures*
Days Inventory Outstanding ¹¹	27	31	57	34	42	40	40	40	42	42	44	44	45	42	48	55	5%-7%
Days Payables Outstanding ¹¹	72	60	123	77	82	72	69	67	69	68	65	68	71	68	73	76	
Cash Conversion Cycle ¹¹	1	5	5	2	4	9	12	17	16	19	23	24	22	18	19	23	Conversion Cycle
Inventory Turns ¹¹	13	12	6	11	9	9	9	9	9	9	8	9	8	9	8	7	4-8 Days
Dividends Paid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 121	\$ —	\$ 60	\$ 59	\$ 59	\$ 71	\$ 70	\$ 94	\$ 94	\$ 93	\$ 116	
Shares Repurchased	\$ —	\$ —	\$ —	\$ 16.4	\$ 5.2	\$ 4.2	\$ 5.2	\$ 4.4	\$ 2.3	\$ 2.0	\$ 2.8	\$ 3.2	\$ 2.2	\$ 3.2	\$ 2.2	\$ 2.0	*Percent of Revenue
Shares Repurchased	\$ —	\$ —	\$ —	\$ 604	\$ 218	\$ 146	\$ 243	\$ 235	\$ 150	\$ 150	\$ 244	\$ 272	\$ 223	\$ 309	\$ 240	\$ 198	
Remaining Amount Authorized	\$ 416	\$ 416	\$ 416	\$ 1,312	\$ 2,594	\$ 2,448	\$ 2,205	\$ 1,970	\$ 1,820	\$ 1,670	\$ 1,426	\$ 1,154	\$ 931	\$ 622	\$ 2,382	\$ 2,184	
R4Q Economic Profit ⁸	\$ 113	\$ 15	\$ (83)	\$ 542	\$ 801	\$ 976	\$ 884	\$ (59)	\$ (176)	\$ (109)	\$ (158)	\$ 415	\$ 332	\$ 328	\$ 320	\$ 203	
R4Q ROIC ⁸	13.6%	11.9%	14.8%	20.4%	21.3%	21.0%	20.0%	10.1%	9.7%	10.5%	10.2%	15.1%	14.2%	14.1%	14.1%	13.1%	
R4Q ROA ⁸	9.5%	8.5%	10.5%	14.3%	14.9%	14.7%	14.2%	7.0%	6.7%	7.2%	7.0%	10.6%	10.0%	10.1%	10.2%	9.6%	
Worldwide Headcount ³	67,799	67,121	106,604	103,111	96,002	93,820	87,565	85,777	87,586	87,976	84,556	84,072	83,277	83,993	80,767	76,449	

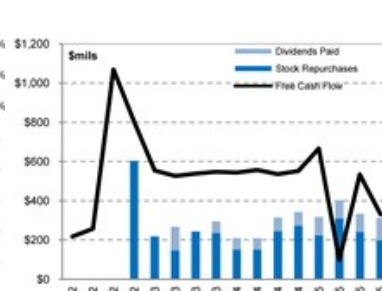
Gross vs. Net Cash, Cash Equivalents & AFS Securities



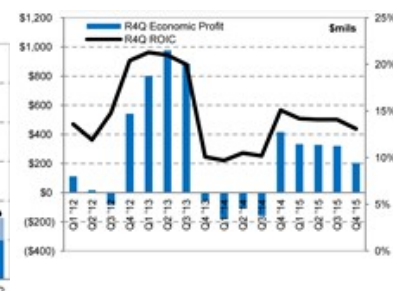
R&D¹⁰ and Capital Expenditures



Free Cash Flow



R4Q ROIC & R4Q Economic Profit⁸



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 Operating Expenses: Non-GAAP operating expenses is a non-GAAP measure defined as operating expenses before any charges 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 operating expenses is a useful measure to investors as an alternative method for measuring our expense management 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. Because we believe some charges may not be indicative of ongoing operations, we believe that non-GAAP net income and non-GAAP EPS are useful measures to investors as an alternative method for measuring our earnings performance and comparing it against prior periods' performance.

In millions, except gross margin and per share amounts	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	\$ 352	\$ 378	\$ 1,208	\$ 1,128	\$ 936	\$ 772	\$ 727	\$ 684	\$ 680	\$ 727	\$ 697	\$ 713	\$ 827	\$ 243	\$ 684	\$ 488
Capital Expenditures	(134)	(120)	(139)	(324)	(382)	(246)	(188)	(136)	(136)	(170)	(161)	(161)	(160)	(146)	(150)	(156)
Free Cash Flow	\$ 218	\$ 258	\$ 1,069	\$ 804	\$ 554	\$ 526	\$ 539	\$ 548	\$ 544	\$ 557	\$ 536	\$ 552	\$ 667	\$ 97	\$ 534	\$ 332
Reconciliation of Net Income to EBITDA																
Net Income (Loss)	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384	\$ 220
Interest	1	2	4	7	14	10	11	9	10	11	13	5	9	8	9	8
Income Tax Expense	19	15	55	56	59	133	15	35	37	37	31	30	37	20	28	27
Depreciation and Amortization	158	140	188	339	313	309	309	302	312	317	307	308	289	290	285	250
EBITDA	\$ 417	\$ 302	\$ 730	\$ 1,147	\$ 905	\$ 787	\$ 726	\$ 81	\$ 854	\$ 795	\$ 726	\$ 660	\$ 758	\$ 756	\$ 706	\$ 505
Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit																
Gross Profit ¹⁰	\$ 541	\$ 648	\$ 977	\$ 1,472	\$ 1,193	\$ 1,059	\$ 1,061	\$ 1,050	\$ 1,099	\$ 1,156	\$ 1,076	\$ 1,029	\$ 1,149	\$ 1,110	\$ 1,032	\$ 930
Acquisition-related adjustments	—	—	91	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Amortization of Intangibles	—	—	9	39	38	38	38	35	36	40	39	39	39	38	37	20
Non-GAAP Gross Profit ¹⁰	\$ 541	\$ 648	\$ 1,077	\$ 1,511	\$ 1,231	\$ 1,097	\$ 1,099	\$ 1,085	\$ 1,135	\$ 1,196	\$ 1,115	\$ 1,078	\$ 1,188	\$ 1,187	\$ 1,069	\$ 951
Revenue	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824	\$3,764	\$3,728	\$3,804	\$3,972	\$3,703	\$3,651	\$3,943	\$3,888	\$3,550	\$3,191
Gross Margin ¹⁰	20.1%	32.5%	32.2%	31.0%	29.6%	27.7%	28.2%	28.2%	28.9%	29.1%	29.1%	28.2%	29.1%	28.5%	29.1%	29.1%
Non-GAAP Gross Margin ¹⁰	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%	29.5%	30.1%	30.5%	30.1%	29.8%
Reconciliation of Operating Expenses to Non-GAAP Operating Expenses																
Total Operating Expenses	\$ 282	\$ 486	\$ 435	\$ 664	\$ 601	\$ 581	\$ 644	\$ 1,271	\$ 557	\$ 678	\$ 657	\$ 677	\$ 680	\$ 644	\$ 611	\$ 675
Less:																
Amortization of Intangibles	—	—	(3)	(12)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(8)	(7)	(7)	(7)	(8)
Employee termination, asset impairment and other charges	—	—	—	(80)	(26)	(41)	(63)	(8)	(11)	(23)	(25)	(26)	(9)	(36)	(10)	(104)
Charges related to arbitration award	—	—	—	—	—	—	—	(681)	(13)	(13)	(13)	(13)	(14)	(1)	—	—
Acquisition-related adjustments	(14)	(14)	(34)	—	—	—	—	(7)	(13)	—	—	—	—	—	(3)	—
Charges and Insurance Recoveries Related to Flooding, Net	—	(199)	(15)	—	—	—	—	—	65	—	—	—	—	—	—	—
Other	(7)	—	—	—	—	—	(11)	—	—	(15)	(3)	(32)	(12)	(17)	—	(3)
Non-GAAP Operating Expenses	261	273	383	572	564	529	559	564	574	616	605	598	638	620	591	560
Reconciliation of Net Income (Loss) to Non-GAAP Net Income																
Net Income (Loss)	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384	\$ 220
Amortization of Intangibles	—	—	12	51	49	49	46	47	51	50	47	46	45	44	28	28
Employee termination, asset impairment and other charges	—	—	—	80	26	41	63	8	11	23	25	36	9	53	10	104
Charges related to arbitration award	—	—	—	—	—	—	—	681	13	13	13	13	14	1	—	—
Acquisition-related adjustments	14	14	125	—	—	—	—	7	13	—	—	—	—	—	3	—
Charges and Insurance Recoveries Related to Flooding, Net	—	199	15	—	—	—	—	—	(65)	—	—	—	—	(37)	—	—
Other	7	—	—	—	—	—	11	—	—	15	7	32	12	39	—	4
Tax Impact	—	—	(16)	(4)	—	88	—	—	—	—	—	—	—	—	—	—
Non-GAAP Net Income	\$ 260	\$ 358	\$ 619	\$ 872	\$ 594	\$ 513	\$ 514	\$ 477	\$ 514	\$ 532	\$ 470	\$ 445	\$ 504	\$ 539	\$ 441	\$ 356
EPS	\$ 1.01	\$ 0.61	\$ 1.96	\$ 2.87	\$ 2.06	\$ 1.36	\$ 1.60	\$ (1.12)	\$ 2.05	\$ 1.77	\$ 1.55	\$ 1.32	\$ 1.76	\$ 1.84	\$ 1.63	\$ 0.94
Non-GAAP EPS	\$ 1.10	\$ 1.51	\$ 2.52	\$ 3.35	\$ 2.36	\$ 2.09	\$ 2.10	\$ 1.96	\$ 2.12	\$ 2.19	\$ 1.94	\$ 1.85	\$ 2.10	\$ 2.26	\$ 1.87	\$ 1.51
Diluted Shares Outstanding	237	237	246	260	252	246	245	236	242	243	242	241	240	238	236	235
Non-GAAP Diluted Shares Outstanding ⁶	237	237	246	260	252	246	245	243	242	243	242	241	240	238	236	235

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 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	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	
Reconciliation of Operating Income (Loss) to R4Q Economic Profit																							
Operating Income (Loss)	\$ 441	\$ 293	\$ 211	\$ 240	\$ 158	\$ 172	\$ 259	\$ 162	\$ 542	\$ 808	\$ 592	\$ 478	\$ 417	\$ (221)	\$ 542	\$ 478	\$ 419	\$ 352	\$ 469	\$ 466	\$ 421	\$ 255	
Income Tax Provision	(40)	(27)	(14)	(14)	(13)	(12)	(19)	(15)	(55)	(56)	(59)	(133)	(15)	(35)	(37)	(37)	(31)	(30)	(37)	(20)	(28)	(27)	
Net Operating Profit After Taxes	401	266	197	226	145	160	240	147	487	752	533	345	402	(256)	505	441	388	322	432	446	393	228	
R4Q Net Operating Profit After Taxes	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	1,092	1,078	1,656	1,583	1,588	1,593	1,499	
Invested Capital x WACC	(534)	(562)	(581)	(606)	(621)	(636)	(658)	(677)	(1,117)	(1,084)	(1,118)	(1,141)	(1,148)	(1,083)	(1,172)	(1,201)	(1,236)	(1,241)	(1,251)	(1,260)	(1,273)	(1,296)	
R4Q Economic Profit	\$ 786	\$ 826	\$ 714	\$ 484	\$ 213	\$ 92	\$ 113	\$ 15	\$ (83)	\$ 542	\$ 801	\$ 976	\$ 884	\$ (59)	\$ (176)	\$ (109)	\$ (158)	\$ 415	\$ 332	\$ 328	\$ 320	\$ 203	

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

R4Q ROA = R4Q Net 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.
10. Certain FY14 prior quarter amounts have been reclassified from gross profit, R&D and SG&A to the other charges line within operating expenses to conform to the annual presentation of FY14 in Part II, Item 8, Note 18 in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K.
11. Q1 FY15 cash conversion cycle calculated using 98 days due to a 14 week quarter. Q1 FY15 inventory turns calculated using 371 days due to a 53 week year.
12. Non-PC revenue percentage includes consumer electronics, enterprise applications, branded products, and SSD.