
**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 22, 2012

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 22, 2012, Western Digital Corporation (“Western Digital”) announced financial results for the first fiscal quarter ended September 28, 2012. 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 Investor Information Summary for the first quarter ended September 28, 2012 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In Western Digital’s press release attached as Exhibit 99.1 hereto, Western Digital reports certain financial information, including net income and earnings per share on both a GAAP and a non-GAAP basis for the first fiscal quarter ended September 28, 2012. These non-GAAP measures exclude amortization of intangibles related to the HGST acquisition and certain employee termination benefits and other charges. Because management believes these expenses may not be indicative of ongoing operations, management believes that the non-GAAP measures presented in the press release are useful to investors as an alternative method for measuring Western Digital’s operating performance and comparing it against prior periods’ performance.

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 22, 2012 announcing financial results for the first fiscal quarter ended September 28, 2012.
- 99.2 First Quarter Fiscal Year 2013 Western Digital Corporation Investor Information Summary.

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: October 22, 2012

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

Company contacts:
Bob Blair
Western Digital Investor Relations
949.672.7834
robert.blair@wdc.com

Steve Shattuck
Western Digital Public Relations
949.672.7817
steve.shattuck@wdc.com

FOR IMMEDIATE RELEASE:

**WESTERN DIGITAL® ANNOUNCES Q1 REVENUE OF \$4 BILLION AND
NON-GAAP NET INCOME OF \$594 MILLION, OR \$2.36 PER SHARE¹**

IRVINE, Calif. — Oct. 22, 2012 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$4.0 billion, hard-drive shipments of 62.5 million and net income of \$519 million, or \$2.06 per share for its first fiscal quarter ended Sept. 28, 2012. On a non-GAAP basis, net income was \$594 million or \$2.36 per share.¹ In the year-ago quarter, the company reported revenue of \$2.7 billion, net income of \$239 million, or \$1.01 per share, and shipped 57.8 million hard drives. Non-GAAP net income in the year-ago quarter was \$260 million, or \$1.10 per share.²

The company generated \$936 million in cash from operations during the September quarter, ending with total cash and cash equivalents of \$3.5 billion. During the quarter, the company utilized \$218 million to buy back 5.2 million shares of common stock. On Sept. 13, the company declared a \$0.25 per common share dividend, which was paid Oct. 15.

“We are pleased to deliver another quarter of strong financial performance, continuing our track record of consistent execution,” said John Coyne, chief executive officer. “While the macroeconomic environment is dampening near term demand, we remain confident in the continued long-term growth in the creation, storage and management of digital content. Western Digital has never been better positioned to address this opportunity, with great people, deep technology, a broad product portfolio and strong customer and supplier relationships.”

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 866-395-1651 in the U.S. or +1-203-369-0471 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 forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements concerning industry demand and the company's position in the industry. 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 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 markets; business conditions and growth in the various hard drive markets; 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-K filed with the SEC on Aug. 20, 2012, to which your attention is directed. Readers are cautioned not to 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 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. Other marks may be mentioned herein that belong to other companies.

¹ Non-GAAP net income for the first quarter 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 employee termination benefits and other charges was not material.

² Non-GAAP net income for the first quarter of fiscal 2012 consists of GAAP net income of \$239 million plus \$21 million of HGST acquisition-related expenses and unrelated litigation accruals. Non-GAAP earnings per share of \$1.10 for the first quarter is calculated by using the same 237 million diluted shares as is used for GAAP earnings per share. The tax effect of the acquisition-related expenses and unrelated litigation accruals was not material.

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions; unaudited)

	Sept. 28, 2012	Jun. 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,537	\$ 3,208
Accounts receivable, net	1,951	2,364
Inventories	1,304	1,210
Other	394	359
Total current assets	7,186	7,141
Property, plant and equipment, net	4,027	4,067
Goodwill	1,944	1,975
Other intangible assets, net	746	799
Other assets	269	224
Total assets	<u>\$14,172</u>	<u>\$14,206</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,545	\$ 2,773
Accrued expenses	774	858
Accrued warranty	146	171
Current portion of long-term debt	230	230
Total current liabilities	3,695	4,032
Long-term debt	1,898	1,955
Other liabilities	542	550
Total liabilities	6,135	6,537
Total shareholders' equity	8,037	7,669
Total liabilities and shareholders' equity	<u>\$14,172</u>	<u>\$14,206</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

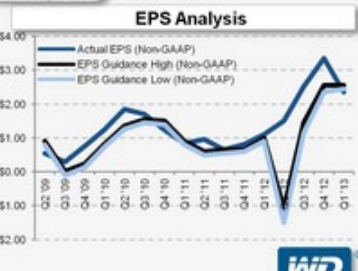
(in millions, except per share amounts)
(unaudited)

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Revenue, net	\$ 4,035	\$ 2,694
Cost of revenue	2,842	2,153
Gross margin	<u>1,193</u>	<u>541</u>
Operating expenses:		
Research and development	396	193
Selling, general and administrative	179	89
Employee termination benefits and other charges	26	—
Total operating expenses	<u>601</u>	<u>282</u>
Operating income	592	259
Net interest and other	(14)	(1)
Income before income taxes	<u>578</u>	<u>258</u>
Income tax provision	59	19
Net income	<u>\$ 519</u>	<u>\$ 239</u>
Income per common share:		
Basic	<u>\$ 2.11</u>	<u>\$ 1.03</u>
Diluted	<u>\$ 2.06</u>	<u>\$ 1.01</u>
Weighted average shares outstanding:		
Basic	<u>246</u>	<u>233</u>
Diluted	<u>252</u>	<u>237</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Three Months Ended	
	Sept. 28, 2012	Sept. 30, 2011
Cash flows from operating activities		
Net income	\$ 519	\$ 239
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	313	158
Stock-based compensation	39	17
Deferred income taxes	(12)	9
Changes in operating assets and liabilities, net	77	(71)
Net cash provided by operating activities	<u>936</u>	<u>352</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(382)	(134)
Acquisition	(9)	—
Cash used in investing activities	<u>(391)</u>	<u>(134)</u>
Cash flows from financing activities		
Employee stock plans, net	60	(2)
Repurchases of common stock	(218)	—
Repayment of debt	(58)	(31)
Net cash used in financing activities	<u>(216)</u>	<u>(33)</u>
Net increase in cash and cash equivalents	329	185
Cash and cash equivalents, beginning of period	3,208	3,490
Cash and cash equivalents, end of period	<u>\$ 3,537</u>	<u>\$ 3,675</u>

Amounts in millions, except per share amounts, ASP percentages	Q2				Q3				Q4				Q1			
	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY13
TAM	123.8	111.4	135.4	152.4	160.4	163.3	156.2	164.0	167.5	159.5	165.8	176.3	119.1	146.4	156.7	139.2
Share	28.6%	28.3%	29.5%	28.9%	30.9%	31.3%	31.8%	30.9%	31.2%	31.2%	32.5%	32.8%	23.9%	30.2%	45.3%	44.9%
Units (HDD)	35.5	31.6	40.0	44.1	49.5	51.1	49.7	50.7	52.2	49.8	53.8	57.8	28.5	44.2	71.0	62.5
ASP (HDD)	\$51	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47	\$45	\$44	\$46	\$69	\$68	\$65	\$62
Revenue	\$1,623	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,005
Gross Profit	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,193
Gross Margin	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.0%	29.6%
R&D	\$119	\$125	\$132	\$142	\$154	\$160	\$154	\$167	\$169	\$179	\$188	\$193	\$191	\$265	\$406	\$396
SG&A	\$42	\$49	\$52	\$53	\$60	\$64	\$61	\$59	\$66	\$63	\$77	\$71	\$85	\$122	\$178	\$179
Other	\$113	\$18	\$(23)	\$-	\$-	\$-	\$27	\$-	\$-	\$32	\$18	\$32	\$18	\$48	\$80	\$28
Total Operating Expenses	\$274	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$664	\$601
Operating Income	\$16	\$61	\$209	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$808	\$592
Net Income	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519
EPS	\$0.06	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61	\$1.96	\$2.87	\$2.06
Diluted Shares Outstanding	224	226	227	230	232	234	235	234	235	236	237	237	237	246	260	252



Page • 1 Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this investor summary

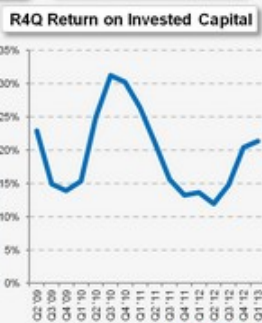
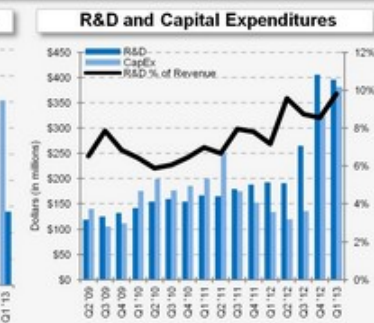


Balance sheet, cash flow, earnings and share repurchase amounts in millions	Q2				Q3				Q4				Q1			
	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY13	
Cash and Cash Equivalents	\$1,376	\$1,579	\$1,794	\$2,056	\$2,435	\$2,626	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924	\$3,377	\$3,208	\$3,537
Debt	\$504	\$502	\$482	\$463	\$444	\$426	\$400	\$375	\$350	\$326	\$304	\$283	\$273	\$273	\$218	\$218
Net Cash and Cash Equivalents	\$872	\$1,077	\$1,312	\$1,593	\$1,991	\$2,200	\$2,334	\$2,483	\$2,760	\$2,904	\$3,186	\$3,392	\$3,651	\$3,104	\$3,000	\$3,319
Cash Flow from Operations	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$302	\$378	\$1,208	\$1,128	\$936
Free Cash Flow	\$160	\$249	\$238	\$255	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$804	\$554
Capital Expenditures	\$140	\$106	\$111	\$179	\$199	\$177	\$185	\$200	\$250	\$175	\$153	\$134	\$120	\$139	\$324	\$382
Depreciation and Amortization	\$122	\$119	\$122	\$121	\$126	\$128	\$134	\$150	\$151	\$151	\$150	\$158	\$140	\$188	\$339	\$313
EBITDA	\$138	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905
Accounts Receivable, Net	\$925	\$824	\$926	\$1,131	\$1,365	\$1,257	\$1,296	\$1,325	\$1,250	\$1,171	\$1,206	\$1,356	\$747	\$2,377	\$2,364	\$1,951
Inventory	\$124	\$104	\$97	\$96	\$102	\$115	\$159	\$155	\$141	\$151	\$172	\$170	\$191	\$329	\$245	\$237
Raw Materials	\$159	\$152	\$154	\$173	\$212	\$254	\$255	\$296	\$274	\$260	\$263	\$275	\$185	\$667	\$552	\$559
Work in Process	\$162	\$129	\$128	\$126	\$139	\$138	\$146	\$140	\$153	\$163	\$142	\$200	\$95	\$265	\$413	\$208
Finished Goods	\$445	\$385	\$378	\$395	\$453	\$507	\$560	\$561	\$568	\$574	\$577	\$645	\$495	\$1,262	\$1,210	\$1,304
Inventory, Net	\$1,620	\$1,570	\$1,584	\$1,625	\$1,695	\$1,756	\$2,159	\$2,245	\$2,277	\$2,249	\$2,224	\$2,209	\$2,091	\$4,171	\$4,067	\$4,027
Property, Plant and Equipment, Net	\$1,075	\$1,001	\$1,101	\$1,342	\$1,507	\$1,508	\$1,507	\$1,703	\$1,628	\$1,488	\$1,545	\$1,706	\$883	\$2,774	\$2,773	\$2,545
Accounts Payable	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66	\$66
Days Sales Outstanding	46	47	47	47	47	43	48	50	46	47	46	46	34	71	45	44
Days Inventory Outstanding	27	26	24	21	21	23	28	26	26	28	27	27	31	57	34	42
Days Payables Outstanding	64	68	69	72	71	69	74	79	74	73	73	72	60	123	77	82
Cash Conversion Cycle	9	5	2	(4)	(3)	(3)	2	(3)	(2)	2	-	1	5	5	2	4
Inventory Turns	14	14	15	17	17	16	13	14	14	13	13	13	12	6	11	9
Shares Repurchased	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1.8	\$-	\$-	\$-	\$-	\$-	\$-	\$16.4	\$5.2
Shares Repurchased \$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$50	\$-	\$-	\$-	\$-	\$-	\$-	\$604	\$218
Remaining Amount Authorized	\$496	\$466	\$466	\$496	\$466	\$466	\$466	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$1,312	\$2,594
RAQ ROIC	22.9%	14.9%	13.9%	15.3%	24.9%	31.2%	30.2%	26.4%	21.1%	15.6%	13.2%	13.6%	11.9%	14.8%	20.4%	21.3%
RAQ ROA	14.7%	9.8%	9.2%	10.4%	17.0%	21.2%	20.7%	18.1%	14.6%	10.9%	9.2%	9.5%	8.5%	10.5%	14.3%	14.9%
Worldwide Headcount	50,838	43,898	45,991	52,208	55,128	61,803	62,500	62,817	62,991	61,349	65,431	67,799	67,121	106,604	103,111	96,002

Business Model

- Gross Margin* 27%-32%
- Operating Expense* 10%-12%
- Operating Income* 15%-22%
- Tax 7%-10% of Income Before Tax
- Capital Expenditures* 5%-7%
- Conversion Cycle 4-8 Days

*Percent of Revenue



Page • 2 Note: Refer to "Non-GAAP Financial Measures" for information about non-GAAP financial measures included in this investor summary



Non-GAAP Financial Measures

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

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

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

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY12
Reconciliation of Cash Flow from Operations to Free Cash Flow																
Cash Flow from Operations	\$300	\$305	\$349	\$434	\$507	\$588	\$563	\$390	\$305	\$313	\$447	\$302	\$378	\$1,208	\$1,128	\$605
Capital Expenditures	(180)	(200)	(111)	(170)	(199)	(177)	(185)	(200)	(202)	(170)	(153)	(134)	(120)	(130)	(224)	(282)
Free Cash Flow	\$120	\$105	\$238	\$264	\$308	\$411	\$378	\$190	\$103	\$143	\$294	\$168	\$258	\$1,078	\$904	\$323
Reconciliation of Net Income to EBITDA																
Net Income	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519
Interest	9	3	2	2	2	1	1	-	1	(9)	2	1	2	4	7	14
Income Tax Expense	(7)	8	11	29	42	40	27	14	14	13	12	19	15	55	56	59
Depreciation and Amortization	120	119	120	121	120	120	134	130	151	151	150	150	140	150	330	313
EBITDA	\$126	\$180	\$330	\$440	\$599	\$561	\$427	\$341	\$391	\$300	\$323	\$417	\$320	\$743	\$1,147	\$905
Reconciliation of Gross Margin to Non-GAAP Gross Margin and Gross Profit to Non-GAAP Gross Profit																
Gross Profit	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$677	\$1,472	\$1,100
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	91	-	-
Amortization of Intangible Assets Acquired from HGST	-	-	-	-	-	-	-	-	-	-	-	-	-	2	32	38
Non-GAAP Gross Profit	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$677	\$1,511	\$1,231
Revenue	\$1,823	\$1,592	\$1,908	\$2,208	\$2,619	\$2,641	\$2,382	\$2,306	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035
Gross Margin	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.8%	19.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.6%	29.6%
Non-GAAP Gross Margin	15.9%	15.9%	19.2%	23.3%	26.2%	25.2%	22.8%	19.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.5%	31.8%	30.5%



Non-GAAP Financial Measures

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

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY12
Reconciliation of Net Income to Non-GAAP Net Income																
Net Income	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519
Acquisition-Related Expense	-	-	-	-	-	-	-	-	-	10	10	14	14	34	-	-
Litigation Accruals	-	-	-	-	-	-	27	-	-	-	25	7	-	-	-	-
Charges Related to Flooding, Net of Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	199	15	-	-
In-Process Research and Development Charge	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition-Related Adjustments to Fair Value of Inventory / Cost of Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	91	-	-
Amortization of Intangible Assets Acquired from HGST	-	-	-	-	-	-	-	-	-	-	-	-	-	12	51	49
Restructuring	113	4	(23)	-	-	-	-	-	-	-	-	-	-	-	80	26
Tax Impact	(4)	-	-	-	-	-	-	-	-	-	-	-	-	(16)	(4)	-
Non-GAAP Net Income	\$123	\$68	\$173	\$288	\$429	\$400	\$292	\$197	\$225	\$156	\$193	\$250	\$358	\$619	\$872	\$594
EPS	\$0.06	\$0.22	\$0.86	\$1.25	\$1.85	\$1.71	\$1.13	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.61	\$1.96	\$2.87	\$2.06
Non-GAAP EPS	\$0.55	\$0.30	\$0.76	\$1.25	\$1.85	\$1.71	\$1.24	\$0.84	\$0.96	\$0.66	\$0.81	\$1.10	\$1.51	\$2.52	\$3.35	\$2.36
Diluted Shares Outstanding	224	226	227	230	232	234	235	234	235	236	237	237	237	246	260	252



Footnotes

- 1.Q1 FY11 ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates
- 2.Unit volume excludes WD TV Media Players without hard drives, WD Livewire, SSD and media
- 3.Worldwide Headcount excludes temporary employees
- 4.Consumer Electronics includes gaming

Formulas

Share = Units / TAM

ASP = Revenue / Units

Free Cash Flow = Cash Flow from Operations – Capital Expenditures

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

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

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

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

Cash Conversion Cycle = DSO + DIO – DPO

Inventory Turns = 364 days / DIO

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

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