

WESTERN DIGITAL CORPORATION

SUMMARY OF GAAP AND NON-GAAP GUIDANCE⁽¹⁾

(unaudited)

	Three Months Ended	
	Dec. 29, 2017	Dec. 29, 2017
	GAAP ⁽²⁾	Non-GAAP
Revenue	~ \$5.2B to \$5.3B	~ \$5.2B to \$5.3B
Gross Margin	Slightly higher than Q1'18	Slightly higher than Q1'18
Operating Expenses	~ \$975M to \$1B	~ \$830M
Interest and Other Expense, Net	~ \$205M	~ \$205M
Tax Rate	N/A	6% to 8%
Diluted Earnings Per Share	N/A	\$3.60 to \$3.70
Diluted Shares Outstanding	~ 309M	~ 309M
	Twelve Months Ended	
	Dec. 29, 2017	Dec. 29, 2017
	GAAP ⁽³⁾	Non-GAAP
Diluted Earnings Per Share	N/A	~ \$12.50
	Twelve Months Ended	
	June 29, 2018	June 29, 2018
	GAAP ⁽⁴⁾	Non-GAAP
Revenue	High end of 4% to 8% growth ⁽⁵⁾	High end of 4% to 8% growth ⁽⁵⁾
Diluted Earnings Per Share	N/A	~ \$13

FOOTNOTES

- ¹ This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the company's anticipated financial results for its second fiscal quarter 2018 ending December 29, 2017, full calendar year 2017 ending December 29, 2017 and full fiscal year 2018 ending June 29, 2018. 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. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: uncertainties with respect to the company's business ventures with Toshiba; volatility in global economic conditions; business conditions and growth in the storage ecosystem; impact of competitive products and pricing; market acceptance and cost of commodity materials and specialized product components; actions by competitors; unexpected advances in competing technologies; the company's development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with acquisitions, mergers and joint ventures; difficulties or delays in manufacturing; 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-K filed with the SEC on August 29, 2017, 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.
- ² The company's second quarter fiscal 2018 non-GAAP gross margin guidance excludes amortization of acquired intangible assets, stock-based compensation expense, charges related to cost saving initiatives, and other charges totaling approximately \$275 million. The company's non-GAAP operating expenses guidance excludes amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives and acquisition-related charges totaling approximately \$145 million to \$170 million. In the aggregate, non-GAAP diluted earnings per share guidance excludes these items totaling \$420 million to \$445 million. The timing and amount of these charges excluded from non-GAAP gross margin, non-GAAP operating expenses and non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from its non-GAAP tax rate and non-GAAP diluted earnings per share are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, full reconciliations of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP tax rate and non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (gross margin, operating expenses, tax rate and diluted earnings per share, respectively) are not available without unreasonable effort.
- ³ The company's calendar year 2017 non-GAAP diluted earnings per share guidance excludes the amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives; acquisition-related charges; debt extinguishment costs; convertible debt costs; other charges and income tax adjustments totaling approximately \$1.9 billion. The timing and amount of these charges excluded from non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from this non-GAAP financial measure are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, a full reconciliation of non-GAAP diluted earnings per share to the most directly comparable GAAP diluted earnings per share is not available without unreasonable effort.
- ⁴ The company's fiscal year 2018 non-GAAP diluted earnings per share guidance excludes the amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; charges related to cost saving initiatives; acquisition-related charges; other charges and income tax adjustments totaling approximately \$1.5 billion. The timing and amount of these charges excluded from non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the company excludes from this non-GAAP financial measure are dependent on the timing of certain actions and cannot be reasonably predicted. Accordingly, a full reconciliation of non-GAAP diluted earnings per share to the most directly comparable GAAP diluted earnings per share is not available without unreasonable effort.
- ⁵ The company's fiscal 2018 revenue guidance is at the high end of the company's long-term model of 4% to 8% revenue growth from fiscal 2017.