
**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 24, 2013

Western Digital Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

001-08703
(Commission
File Number)

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

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

92612
(Zip Code)

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

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

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

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

On July 24, 2013, Western Digital Corporation (“Western Digital”) announced financial results for the fourth fiscal quarter and fiscal year ended June 28, 2013. A copy of the press release making this announcement is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of Western Digital’s Quarterly Fact Sheet for the fourth quarter ended June 28, 2013 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 fourth fiscal quarter and fiscal year ended June 28, 2013, and free cash flow for the fiscal year ended June 28, 2013. These non-GAAP net income and earnings per share measures exclude amortization of intangibles related to the HGST acquisition, certain tax related matters, 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 net income and earnings per share 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. Free cash flow is a non-GAAP measure calculated as cash flow from operations less capital expenditures. Management believes that the free cash flow measure presented in the press release is useful to investors as a means of comparing Western Digital’s liquidity with other companies in its industry.

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 July 24, 2013 announcing financial results for the fourth fiscal quarter and fiscal year ended June 28, 2013.
- 99.2 Fourth Quarter Fiscal Year 2013 Western Digital Corporation Quarterly Fact Sheet.

SIGNATURE

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

Western Digital Corporation
(Registrant)

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

Date: July 24, 2013

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FOR IMMEDIATE RELEASE:

**WESTERN DIGITAL® ANNOUNCES FISCAL YEAR REVENUE OF \$15.4 BILLION AND
NON-GAAP NET INCOME OF \$2.1 BILLION, OR \$8.53 PER SHARE¹**

***For Fourth Quarter, Revenue of \$3.7 Billion, Non-GAAP Net Income of
\$477 Million, or \$1.96 Per Share***

IRVINE, Calif. — July 24, 2013 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$15.4 billion and net income of \$1.7 billion, or \$6.75 per share for fiscal year 2013, compared to fiscal 2012 revenue of \$12.5 billion and net income of \$1.6 billion, or \$6.58 per share. On a non-GAAP basis, fiscal 2013 net income was \$2.1 billion or \$8.53 per share, compared to fiscal 2012 net income of \$2.1 billion or \$8.61 per share.¹

For its fourth fiscal quarter ended June 28, 2013, the company reported revenue of \$3.7 billion, hard-drive shipments of 59.9 million and net income of \$416 million, or \$1.71 per share. On a non-GAAP basis, net income was \$477 million or \$1.96 per share.² In the year-ago quarter, the company reported revenue of \$4.8 billion, net income of \$745 million, or \$2.87 per share, and shipped 71.0 million hard drives. Non-GAAP net income in the year-ago quarter was \$872 million, or \$3.35 per share.³

The company generated \$684 million in cash from operations during the June quarter, ending with total cash and cash equivalents of \$4.3 billion. For fiscal year 2013, the company generated \$3.1 billion in cash from operations and its free cash flow totaled \$2.2 billion.⁴ During the quarter, the company utilized \$235 million to buy back 4.4 million shares of common stock. On May 15, the company declared a \$0.25 per common share dividend, which was paid on July 15.

“I am pleased with our performance in fiscal year 2013 and the June quarter, reflecting our expanding participation in the storage market, including the cloud and personal storage as we address the ongoing growth in digital data,” said Steve Milligan, president and chief executive officer of Western Digital. “Our financial results were strong with significant free cash flow generation, we continued to forecast the market accurately and we had outstanding execution by our HGST and WD® subsidiaries.”

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 800-873-2156 in the U.S. or +1-402-220-4765 for international callers.

As reported in our Form 8-K filed on July 22, 2013, the Court of Appeals of the State of Minnesota reversed the decision of the District Court of Hennepin County, Minnesota, which had vacated a \$630.4 million final arbitration award against the company and ordered a rehearing of certain claims in the arbitration between Western Digital and Seagate Technology, LLC. The financial information reported in this press release does not include any additional accrual for the arbitration award. Western Digital is reviewing the decision of the Minnesota Court of Appeals and will make a determination of whether or not to record an accrual in its results for the quarter ended June 28, 2013, after it completes its review.

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 concerning the company's market participation and growth of digital data. These forward-looking statements are 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 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-Q filed with the SEC on May 3, 2013, to which your attention is directed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speaks 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. HGST trademarks are intended and authorized for use only in countries and jurisdictions in which HGST has obtained the rights to use, market and advertise the brand. Other marks may be mentioned herein that belong to other companies.

¹ Non-GAAP net income for fiscal 2013 consists of GAAP net income of \$1.7 billion plus \$193 million for amortization of intangibles related to the acquisition of HGST, \$138 million for employee termination benefits and other charges and a net \$106 million for tax-related matters and other unrelated charges. Non-GAAP earnings per share of \$8.53 for fiscal 2013 is calculated by using the same 246 million diluted shares as is used for GAAP earnings per share. Non-GAAP net income for fiscal 2012 consists of GAAP net income of \$1.6 billion plus \$214 million of charges and expenses related to the flooding net of recoveries, \$91 million for costs recognized upon the sale of acquired inventory that was written-up to fair value, \$80 million related to restructuring, \$63 million for amortization of intangibles related to the acquisition of HGST, \$62 million of acquisition-related expenses, \$7 million of litigation accruals, less \$20 million of tax effects related to the aforementioned items. Non-GAAP earnings per share of \$8.61 for fiscal 2012 is calculated by using the same 245 million diluted shares as is used for GAAP earnings per share.

² Non-GAAP net income for the fourth quarter fiscal 2013 consists of GAAP net income of \$416 million plus \$46 million for amortization of intangibles related to the acquisition of HGST and \$15 million for employee termination benefits and other unrelated charges. Non-GAAP earnings per share of \$1.96 for the fourth quarter is calculated by using the same 243 million diluted shares as is used for GAAP earnings per share.

³ Non-GAAP net income for the fourth quarter fiscal 2012 consists of GAAP net income of \$745 million plus \$51 million for amortization of intangibles related to the acquisition of HGST, \$80 million related to restructuring less a \$4 million tax effect related to the restructuring. Non-GAAP earnings per share of \$3.35 for the fourth quarter is calculated by using the same 260 million diluted shares as is used for GAAP earnings per share.

⁴ Free cash flow for fiscal 2013 consists of cash flows from operations of \$3.1 billion less \$952 million of capital expenditures.

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

	Jun. 28, 2013	Jun. 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,309	\$ 3,208
Accounts receivable, net	1,793	2,364
Inventories	1,188	1,210
Other	308	359
Total current assets	7,598	7,141
Property, plant and equipment, net	3,700	4,067
Goodwill	1,954	1,975
Other intangible assets, net	605	799
Other assets	179	224
Total assets	<u>\$14,036</u>	<u>\$14,206</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,990	\$ 2,773
Accrued expenses	522	482
Accrued compensation	453	376
Accrued warranty	114	171
Current portion of long-term debt	230	230
Total current liabilities	3,309	4,032
Long-term debt	1,725	1,955
Other liabilities	428	550
Total liabilities	5,462	6,537
Total shareholders' equity	8,574	7,669
Total liabilities and shareholders' equity	<u>\$14,036</u>	<u>\$14,206</u>

WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended		Years Ended	
	Jun. 28, 2013	Jun. 29, 2012	Jun. 28, 2013	Jun. 29, 2012
Revenue, net	\$ 3,728	\$ 4,754	\$ 15,351	\$ 12,478
Cost of revenue	2,678	3,282	10,988	8,840
Gross profit	1,050	1,472	4,363	3,638
Operating expenses:				
Research and development	402	406	1,572	1,055
Selling, general and administrative	180	178	706	518
Employee termination benefits and other charges	8	80	138	80
Charges related to flooding, net	—	—	—	214
Total operating expenses	590	664	2,416	1,867
Operating income	460	808	1,947	1,771
Net interest and other	(9)	(7)	(44)	(14)
Income before income taxes	451	801	1,903	1,757
Income tax provision	35	56	242	145
Net income	\$ 416	\$ 745	\$ 1,661	\$ 1,612
Income per common share:				
Basic	\$ 1.76	\$ 2.93	\$ 6.89	\$ 6.69
Diluted	\$ 1.71	\$ 2.87	\$ 6.75	\$ 6.58
Weighted average shares outstanding:				
Basic	236	254	241	241
Diluted	243	260	246	245

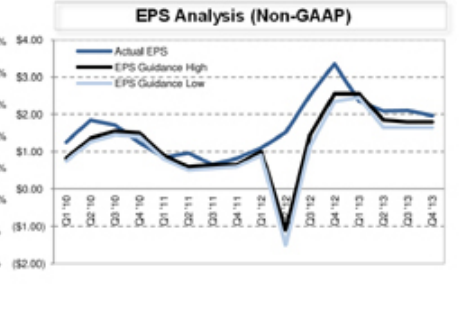
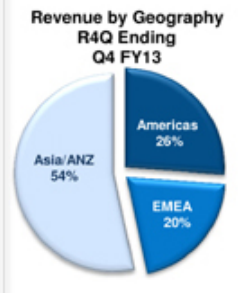
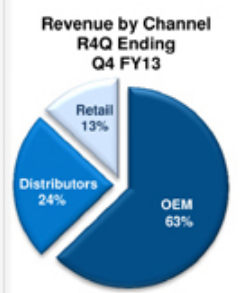
WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Year Ended	
	Jun. 28, 2013	Jun. 29, 2012	Jun. 28, 2013	Jun. 29, 2012
Cash flows from operating activities				
Net income	\$ 416	\$ 745	\$ 1,661	\$ 1,612
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	302	339	1,233	825
Stock-based compensation	30	31	137	92
Deferred income taxes	(24)	(8)	35	34
Non-cash portion of employee termination benefits and other charges	3	61	19	61
Non-cash portion of charges related to flooding	—	—	—	119
Changes in operating assets and liabilities, net	(43)	(40)	34	324
Net cash provided by operating activities	<u>684</u>	<u>1,128</u>	<u>3,119</u>	<u>3,067</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(136)	(324)	(952)	(717)
Acquisitions, net	—	15	(1)	(3,526)
Purchase of investments	—	—	(17)	—
Proceeds from sale of equipment	—	76	—	76
Net cash used in investing activities	<u>(136)</u>	<u>(233)</u>	<u>(970)</u>	<u>(4,167)</u>
Cash flows from financing activities				
Employee stock plans, net	53	93	205	141
Repurchases of common stock	(235)	(604)	(842)	(604)
Dividends to shareholders	(60)	—	(181)	—
Repayment of debt	(57)	(558)	(230)	(908)
Proceeds from debt, net of issuance costs	—	—	—	2,775
Repayment of assumed debt	—	—	—	(585)
Net cash provided by (used in) financing activities	<u>(299)</u>	<u>(1,069)</u>	<u>(1,048)</u>	<u>819</u>
Effect of exchange rate changes on cash	—	5	—	(1)
Net increase (decrease) in cash and cash equivalents	249	(169)	1,101	(282)
Cash and cash equivalents, beginning of period	4,060	3,377	3,208	3,490
Cash and cash equivalents, end of period	<u>\$ 4,309</u>	<u>\$ 3,208</u>	<u>\$ 4,309</u>	<u>\$ 3,208</u>

Amounts in millions, except per share amounts, ASP, percentages		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
TAM	152.4	160.4	163.3	156.2	164.0	167.5	159.5	165.8	176.3	119.1	146.4	156.7	138.1	135.8	135.9	132.7	
Share	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%	43.8%	44.3%	45.1%	
Units (HDD) ²	44.1	49.5	51.1	49.7	50.7	52.2	49.8	53.8	57.8	28.5	44.2	71.0	82.5	59.2	60.2	59.9	
ASP (HDD)	\$49	\$52	\$51	\$47	\$48	\$47	\$45	\$44	\$48	\$69	\$68	\$65	\$62	\$62	\$61	\$60	
Revenue	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824	\$3,764	\$3,728	
Gross Profit	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,193	\$1,059	\$1,061	\$1,050	
Gross Margin	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%	27.7%	28.2%	28.2%	
R&D	\$142	\$154	\$160	\$154	\$167	\$169	\$179	\$188	\$193	\$191	\$265	\$406	\$396	\$378	\$396	\$402	
SG&A	53	60	64	61	59	66	63	77	71	85	122	178	179	162	165	180	
Other	-	-	-	27	-	-	10	32	18	210	48	80	26	41	63	8	
Total Operating Expenses	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$694	\$601	\$581	\$644	\$590	
Operating Income	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$608	\$592	\$478	\$417	\$460	
Net Income	\$288	\$429	\$400	\$285	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335	\$391	\$416	
EPS	\$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	\$1.36	\$1.60	\$1.71	
Diluted Shares Outstanding	230	232	234	235	234	235	236	237	237	237	246	260	252	248	245	243	
Non-GAAP Results																	
Gross Profit	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,085	
Gross Margin	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%	29.2%	29.1%	
Net Income	\$288	\$429	\$400	\$292	\$197	\$225	\$158	\$193	\$260	\$358	\$619	\$872	\$594	\$513	\$514	\$477	
EPS	\$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	\$2.09	\$2.10	\$1.96	
Revenue By Channel																	
OEM	52%	48%	49%	54%	50%	45%	47%	55%	53%	59%	64%	69%	63%	61%	60%	66%	
Distributors	31%	30%	33%	29%	32%	33%	33%	29%	29%	25%	28%	21%	24%	24%	26%	23%	
Retail	17%	22%	18%	17%	18%	22%	20%	16%	18%	16%	8%	10%	13%	15%	14%	11%	
Revenue by Geography																	
Americas	22%	25%	24%	25%	23%	22%	22%	20%	19%	22%	21%	27%	23%	27%	27%	28%	
EMEA	22%	25%	24%	21%	23%	25%	24%	20%	22%	21%	18%	18%	18%	23%	22%	19%	
Asia/ANZ	56%	50%	52%	54%	54%	53%	54%	60%	59%	57%	61%	55%	59%	50%	51%	53%	
Top 10 Customers Revenue	56%	55%	51%	52%	50%	48%	49%	53%	49%	51%	53%	53%	44%	45%	45%	48%	
PC Units³																	
Notebook	16,528	17,735	17,072	16,802	16,582	17,385	16,227	16,867	19,622	9,814	18,067	32,773	25,887	21,300	21,547	23,989	
Desktop	18,282	19,290	21,461	20,282	20,918	20,411	20,118	22,348	21,588	11,391	15,975	21,211	16,819	17,717	18,363	16,185	
Non-PC Units																	
Consumer Electronics ⁴	3,064	4,083	4,643	5,306	5,239	4,709	4,765	6,459	7,188	2,352	3,643	4,155	8,019	6,452	6,517	6,544	
Branded	4,539	6,219	5,585	5,005	5,678	7,427	6,404	5,672	7,060	3,191	2,926	4,980	5,767	7,139	6,517	5,281	
Enterprise	1,669	2,170	2,358	2,346	2,319	2,284	2,318	2,463	2,369	1,724	3,616	7,913	5,985	6,633	7,211	7,897	
Total HDD	44,082	49,497	51,097	49,741	50,736	52,216	49,832	53,809	57,827	28,472	44,227	71,038	62,480	59,241	60,175	59,896	
Average GB Shipped	366	443	463	453	512	581	578	608	634	578	581	668	708	804	805	797	
EB Shipped	17.0	21.9	23.7	22.5	28.0	30.3	28.8	32.7	36.7	16.5	25.7	47.4	44.3	47.8	48.4	47.7	
R4Q EB Shipped	54.0	64.3	76.5	85.1	94.1	102.5	107.7	117.8	128.5	114.6	111.5	126.3	133.9	165.1	167.8	168.0	



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																
	FY10				FY11				FY12				FY13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash and Cash Equivalents	\$2,056	\$2,435	\$2,826	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924	\$3,377	\$3,208	\$3,537	\$3,816	\$4,060	\$4,309
Debt	463	444	425	400	375	350	325	294	263	231	2743	2,185	2,128	2,128	2,013	1,955
Net Cash and Cash Equivalents	\$1,593	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693	\$634	\$1,023	\$1,409	\$1,688	\$2,047	\$2,354
Cash Flow From Operations	\$434	\$557	\$588	\$363	\$360	\$605	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$936	\$772	\$727	\$684
Free Cash Flow	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,089	\$804	\$554	\$526	\$539	\$548
Capital Expenditures	\$176	\$199	\$177	\$185	\$200	\$250	\$175	\$153	\$134	\$120	\$139	\$324	\$382	\$246	\$188	\$136
Depreciation and Amortization	\$121	\$126	\$128	\$134	\$150	\$151	\$151	\$150	\$158	\$140	\$188	\$339	\$313	\$309	\$309	\$302
EBITDA	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$767	\$726	\$762
Accounts Receivable, Net	\$1,131	\$1,365	\$1,257	\$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
Inventory	\$96	\$102	\$115	\$159	\$155	\$141	\$151	\$172	\$170	\$191	\$329	\$245	\$237	\$193	\$191	\$167
Work in Process	173	212	254	255	266	274	260	263	275	185	667	552	559	581	583	575
Finished Goods	126	139	138	146	140	153	163	142	200	90	286	413	508	430	423	446
Total Inventory	\$395	\$453	\$507	\$560	\$561	\$568	\$574	\$577	\$645	\$466	\$1,282	\$1,210	\$1,304	\$1,204	\$1,197	\$1,188
Property, Plant and Equipment, Net	\$1,825	\$1,696	\$1,756	\$2,159	\$2,245	\$2,277	\$2,249	\$2,224	\$2,209	\$2,091	\$4,171	\$4,067	\$4,027	\$3,938	\$3,803	\$3,700
Accounts Payable	\$1,342	\$1,507	\$1,508	\$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
Days Sales Outstanding	47	47	43	48	50	46	47	46	46	34	71	45	44	41	41	44
Days Inventory Outstanding	21	21	23	28	26	26	28	27	27	31	57	34	42	40	40	40
Days Payables Outstanding	72	71	69	74	79	74	73	73	72	60	123	77	82	72	69	67
Cash Conversion Cycle	(4)	(3)	(3)	2	(3)	(2)	2	-	1	5	5	2	4	9	12	17
Inventory Turns	17	17	16	13	14	14	13	13	13	12	6	11	9	9	9	9
Dividends Paid	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$121	\$-	\$60
Shares Repurchased	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Shares Repurchased	\$-	\$-	\$-	\$-	\$50	\$-	\$-	\$-	\$-	\$-	\$-	\$604	\$218	\$146	\$243	\$235
Remaining Amount Authorized	\$466	\$466	\$466	\$466	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$1,312	\$2,594	\$2,448	\$2,205	\$1,970
RAQ Economic Profit	\$275	\$569	\$885	\$964	\$836	\$579	\$291	\$187	\$231	\$344	\$484	\$1,197	\$1,484	\$1,602	\$1,423	\$955
RAQ ROIC	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%	21.0%	20.0%	16.5%
RAQ ROA	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%	14.7%	14.2%	11.8%
Worldwide Headcount ¹	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	93,820	87,565	85,777

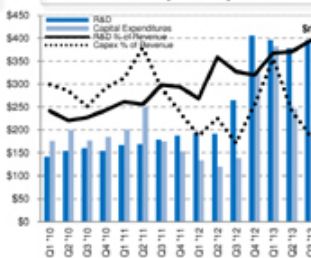
Business Model

- 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

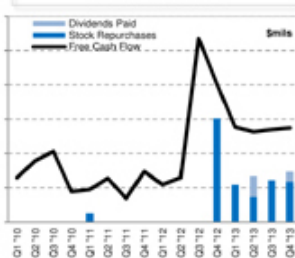
Gross vs. Net Cash & Cash Equivalents



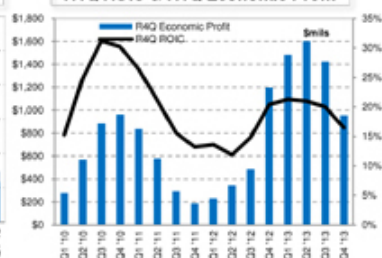
R&D and Capital Expenditures



Free Cash Flow



R4Q ROIC & R4Q Economic Profit



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



Non-GAAP Financial Measures

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

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

Non-GAAP Gross Margin and Non-GAAP Gross Profit: Non-GAAP gross margin is a non-GAAP measure defined as non-GAAP gross profit divided by revenue. Non-GAAP gross profit is a non-GAAP measure defined as gross profit before any charges to cost of goods sold that are unusual, non-recurring, or may not be indicative of ongoing operations. Because we believe some charges may not be indicative of ongoing operations, we believe that non-GAAP gross profit is a useful measure to investors as an alternative method for measuring our operating performance and comparing it against prior periods' performance.

Non-GAAP Net Income and Non-GAAP EPS: Non-GAAP net income and non-GAAP EPS are non-GAAP measures defined as net income and EPS, respectively, before any charges that are unusual, non-recurring, or may not be indicative of ongoing operations, or any tax impact related to those charges.

In millions, except gross margin and per share amounts	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
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	\$434	\$557	\$568	\$363	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$936	\$772	\$727	\$684
Capital Expenditures	(178)	(199)	(177)	(185)	(200)	(250)	(175)	(153)	(134)	(129)	(139)	(324)	(382)	(246)	(188)	(138)
Free Cash Flow	\$256	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$804	\$554	\$525	\$539	\$548
Reconciliation of Net Income to EBITDA																
Net Income	\$288	\$429	\$400	\$295	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335	\$391	\$416
Interest	2	2	1	1	-	1	(1)	2	1	2	4	7	14	10	11	9
Income Tax Expense	29	42	40	27	14	14	13	12	19	15	55	58	59	133	15	35
Depreciation and Amortization	121	126	128	134	150	151	151	150	158	140	188	339	313	309	309	302
EBITDA	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787	\$726	\$762
Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit																
Gross Profit	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,193	\$1,059	\$1,061	\$1,050
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-	91	-	-	-	-	-
Amortization of Intangibles Related to the Acquisition of HGST	-	-	-	-	-	-	-	-	-	-	9	39	38	38	38	35
Non-GAAP Gross Profit	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,085
Revenue	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824	\$3,764	\$3,728
Gross Margin	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%	27.7%	28.2%	28.2%
Non-GAAP Gross Margin	23.3%	26.2%	25.2%	22.5%	18.2%	19.2%	18.2%	19.6%	20.1%	32.5%	35.5%	31.6%	30.5%	28.7%	29.2%	29.1%
Reconciliation of Net Income to Non-GAAP Net Income																
Net Income	\$ 288	\$ 429	\$ 400	\$ 295	\$ 197	\$ 225	\$ 146	\$ 158	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ 416
Acquisition-Related Expense	-	-	-	-	-	-	10	10	14	14	34	-	-	-	-	7
Litigation Accruals	-	-	-	27	-	-	-	25	7	-	-	-	-	-	-	-
Charges Related to Flooding, Net	-	-	-	-	-	-	-	-	-	199	15	-	-	-	-	-
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-	91	-	-	-	-	-
Amortization of Intangibles Related to the Acquisition of HGST	-	-	-	-	-	-	-	-	-	-	12	51	49	49	49	48
Restructuring	-	-	-	-	-	-	-	-	-	-	-	80	25	41	63	8
Tax Impact	-	-	-	-	-	-	-	-	-	-	(16)	(4)	-	88	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-
Non-GAAP Net Income	\$288	\$429	\$400	\$292	\$197	\$225	\$156	\$193	\$260	\$358	\$919	\$972	\$594	\$513	\$514	\$477
EPS	\$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	\$1.36	\$1.60	\$1.71
Non-GAAP EPS	\$1.25	\$1.85	\$1.71	\$1.24	\$0.84	\$0.96	\$0.68	\$0.81	\$1.10	\$1.51	\$2.52	\$3.35	\$2.36	\$2.09	\$2.10	\$1.96
Diluted Shares Outstanding	230	232	234	235	234	235	236	237	237	237	246	260	252	245	245	243

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 retailers and white box manufacturers
6. TAM is preliminary and based on internal information

Formulas

Share = Units (HDD) / TAM

ASP = Revenue / Units (HDD)

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 Economic Profit = Net Operating Profit After Taxes – (Invested Capital x WACC)

- Invested Capital = Debt + Equity
- WACC = 11%

R4Q ROIC = R4Q (Operating Income + Interest Expense) / R4Q Average (Equity + Debt)

R4Q ROA = R4Q Operating Income / R4Q Average Total Assets