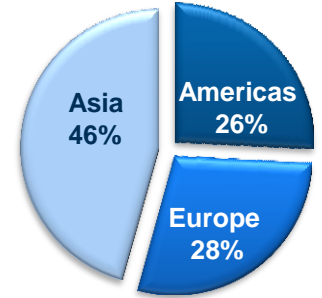


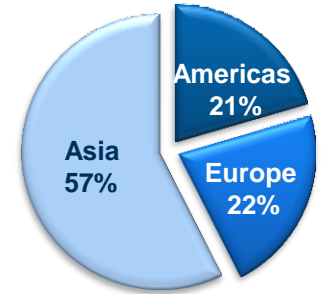
Amounts in millions;  
except per share amounts,  
ASP, percentages.

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 FY12 <sup>4</sup>	
	FY08	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	Low	High
<b>TAM</b>	131.6	131.9	145.8	123.8	111.4	135.4	152.4	160.4	163.3	156.2	164.0	167.5	159.5	165.8	176.1	118.9		
<b>Share</b>	26.3%	26.7%	27.0%	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%		
<b>Units (HDD)</b>	34.5	35.2	39.4	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	31.0	33.0
<b>ASP</b>	\$59	\$56	\$53	\$51	\$50	\$48	\$49	\$52	\$51	\$47	\$46	\$47	\$45	\$44	\$46	\$69		
<b>Revenue</b>	\$2,111	\$1,993	\$2,109	\$1,823	\$1,592	\$1,928	\$2,208	\$2,619	\$2,641	\$2,382	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$2,000	\$2,150
<b>Gross Margin</b>	\$477	\$425	\$424	\$290	\$253	\$370	\$514	\$687	\$665	\$535	\$437	\$475	\$410	\$469	\$541	\$648		
<b>Gross Margin %</b>	22.6%	21.3%	20.1%	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%		
<b>R&amp;D</b>	\$123	\$128	\$133	\$119	\$125	\$132	\$142	\$154	\$160	\$154	\$167	\$169	\$179	\$188	\$193	\$191		
<b>SG&amp;A</b>	\$56	\$56	\$57	\$42	\$49	\$52	\$53	\$60	\$64	\$61	\$59	\$66	\$63	\$77	\$71	\$85		
<b>Other</b>	\$ -	\$ -	\$ -	\$113	\$18	(\$23)	\$ -	\$ -	\$ -	\$27	\$ -	\$ -	\$10	\$32	\$18	\$210		
<b>Total Operating Expenses</b>	\$179	\$184	\$190	\$274	\$192	\$161	\$195	\$214	\$224	\$242	\$226	\$235	\$252	\$297	\$282	\$486	\$275	\$275
<b>Operating Income</b>	\$298	\$241	\$234	\$16	\$61	\$209	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162		
<b>Net Income</b>	\$280	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145		
<b>EPS</b>	\$1.23	\$0.94	\$0.93	\$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	\$1.15	\$1.45
<b>Diluted Shares Outstanding</b>	227	227	226	224	226	227	230	232	234	235	234	235	236	237	237	237	239	239
<b>Top 10 Customers Revenue</b>	48%	53%	51%	49%	47%	52%	56%	55%	51%	52%	50%	48%	49%	53%	49%	51%		
<b>Revenue by Channel</b>																		
<b>OEM</b>	50%	57%	56%	57%	48%	54%	52%	48%	49%	54%	50%	45%	47%	55%	53%	59%		
<b>Distributors</b>	34%	24%	26%	21%	30%	29%	31%	30%	33%	29%	32%	33%	33%	29%	29%	25%		
<b>Retail</b>	16%	19%	18%	22%	22%	17%	17%	22%	18%	17%	18%	22%	20%	16%	18%	16%		
<b>Revenue by Geography</b>																		
<b>Americas</b>	28%	29%	23%	23%	26%	24%	22%	25%	24%	25%	23%	22%	22%	20%	19%	22%		
<b>Europe</b>	31%	25%	29%	29%	28%	22%	22%	25%	24%	21%	23%	25%	24%	20%	22%	21%		
<b>Asia</b>	41%	46%	48%	48%	46%	54%	56%	50%	52%	54%	54%	53%	54%	60%	59%	57%		
<b>Compute Units</b>																		
<b>Notebook</b>	8.819	9.878	12.411	11.187	7.932	14.670	16.528	17.735	17.072	16.802	16.582	17.385	16.227	16.867	19.622	9.814		
<b>Desktop</b>	17.834	15.863	17.484	14.225	14.659	16.349	18.282	19.290	21.461	20.282	20.918	20.411	20.118	22.348	21.588	11.391		
<b>Non-Compute Units</b>																		
<b>Consumer Electronics</b>	3.109	4.097	3.913	4.128	3.487	3.666	3.064	4.083	4.643	5.306	5.239	4.709	4.765	6.459	7.188	2.352		
<b>Branded</b>	3.456	4.081	4.396	4.918	4.512	3.994	4.539	6.219	5.565	5.005	5.678	7.427	6.404	5.672	7.060	3.191		
<b>Enterprise Units</b>	<u>1,324</u>	<u>1,266</u>	<u>1,203</u>	<u>1,005</u>	<u>0,973</u>	<u>1,308</u>	<u>1,669</u>	<u>2,170</u>	<u>2,356</u>	<u>2,346</u>	<u>2,319</u>	<u>2,284</u>	<u>2,318</u>	<u>2,463</u>	<u>2,369</u>	<u>1,724</u>		
<b>Total HDD Units</b>	34.542	35.185	39.407	35.463	31.563	39.987	44.082	49.497	51.097	49.741	50.736	52.216	49.832	53.809	57.827	28.472		

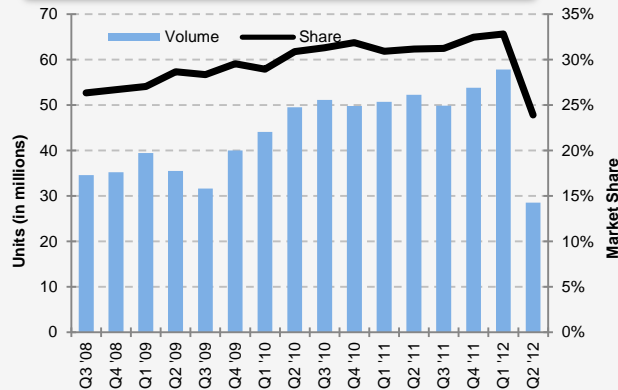
### Revenue by Geography Rolling Four Quarters Ending Q2 FY09



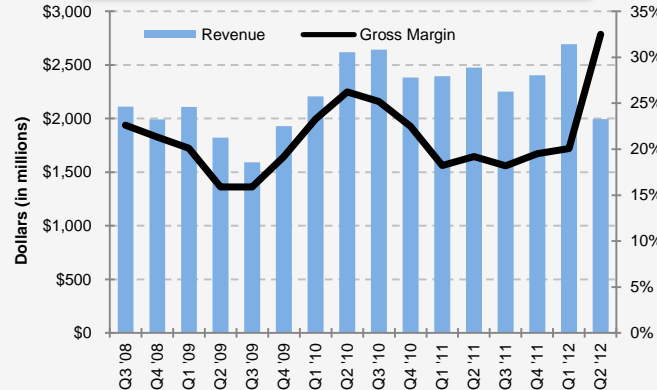
### Revenue by Geography Rolling Four Quarters Ending Q2 FY12



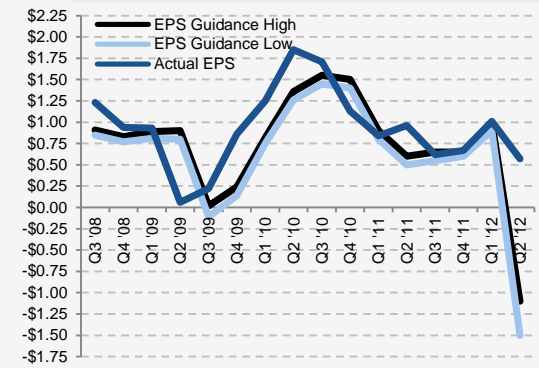
### Volume and Market Share



### Revenue and Gross Margin



### EPS Analysis



Note: Q2'09 includes restructuring charge of \$113M.  
Q2'12 guidance excludes charges related to the  
flooding and acquisition-related expenses.



Balance sheet, cash flows, earnings and share repurchase amounts in millions	Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2	
	FY08	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12
<b>Cash and Cash Equivalents</b>	\$917	\$1,104	\$1,213	\$1,376	\$1,579	\$1,794	\$2,056	\$2,435	\$2,826	\$2,734	\$2,858	\$3,110	\$3,230	\$3,490	\$3,675	\$3,924
<b>Debt</b>	\$514	\$509	\$507	\$504	\$502	\$482	\$463	\$444	\$425	\$400	\$375	\$350	\$325	\$294	\$263	\$231
<b>Net Cash and Cash Equivalents</b>	\$403	\$595	\$706	\$872	\$1,077	\$1,312	\$1,593	\$1,991	\$2,401	\$2,334	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693
<b>Cash Flow From Operations</b>	\$431	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378
<b>Free Cash Flow</b>	\$294	\$83	\$139	\$160	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258
<b>Capital Expenditures</b>	\$137	\$146	\$162	\$140	\$106	\$111	\$176	\$199	\$177	\$185	\$200	\$250	\$175	\$153	\$134	\$120
<b>Depreciation and Amortization</b>	\$111	\$113	\$117	\$122	\$119	\$122	\$121	\$126	\$128	\$134	\$150	\$151	\$151	\$150	\$158	\$140
<b>EBITDA</b>	\$409	\$354	\$351	\$138	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302
<b>Accounts Receivable, Net Inventory</b>	\$1,014	\$1,010	\$1,082	\$926	\$824	\$926	\$1,131	\$1,365	\$1,257	\$1,256	\$1,325	\$1,250	\$1,171	\$1,206	\$1,356	\$747
<b>Raw Materials</b>	\$153	\$144	\$129	\$124	\$104	\$97	\$96	\$102	\$115	\$159	\$155	\$141	\$151	\$172	\$170	\$191
<b>Work in Process</b>	\$131	\$145	\$168	\$159	\$152	\$154	\$173	\$212	\$254	\$255	\$266	\$274	\$260	\$263	\$275	\$185
<b>Finished Goods</b>	\$171	\$167	\$180	\$163	\$129	\$125	\$126	\$139	\$138	\$146	\$140	\$153	\$163	\$142	\$200	\$90
<b>Inventory, Net</b>	\$455	\$456	\$477	\$446	\$385	\$376	\$395	\$453	\$507	\$560	\$561	\$568	\$574	\$577	\$645	\$466
<b>Property, Plant and Equipment, Net</b>	\$1,529	\$1,668	\$1,674	\$1,620	\$1,570	\$1,584	\$1,625	\$1,696	\$1,756	\$2,159	\$2,245	\$2,277	\$2,249	\$2,224	\$2,209	\$2,091
<b>Accounts Payable</b>	\$1,144	\$1,181	\$1,215	\$1,075	\$1,001	\$1,101	\$1,342	\$1,507	\$1,508	\$1,507	\$1,703	\$1,628	\$1,486	\$1,545	\$1,708	\$883
<b>Days Sales Outstanding</b>	44	46	47	46	47	47	47	47	43	48	50	46	47	46	46	34
<b>Days Inventory Outstanding</b>	25	27	26	27	26	24	21	21	23	28	26	26	28	27	27	31
<b>Days Payables Outstanding</b>	64	69	66	64	68	69	72	71	69	74	79	74	73	73	72	60
<b>Cash Conversion Cycle</b>	5	4	7	9	5	2	(4)	(3)	(3)	2	(3)	(2)	2	-	1	5
<b>Inventory Turns</b>	14	14	14	14	14	15	17	17	16	13	14	14	13	13	13	12
<b>Shares Repurchased</b>	1.5	-	1.2	-	-	-	-	-	-	-	1.8	-	-	-	-	-
<b>Shares Repurchased \$</b>	\$44	\$ -	\$36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Remaining Amount Authorized</b>	\$502	\$502	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$416	\$416	\$416	\$416	\$416	\$416
<b>R4Q ROIC</b>	33.8%	34.0%	33.5%	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%
<b>R4Q ROA</b>	20.7%	21.2%	21.1%	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%
<b>Worldwide Headcount</b>	41,876	50,072	51,409	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

## Business Model

Gross Margin  
18%-23%

Operating Expense  
9%-10%

Operating Income  
8%-14%

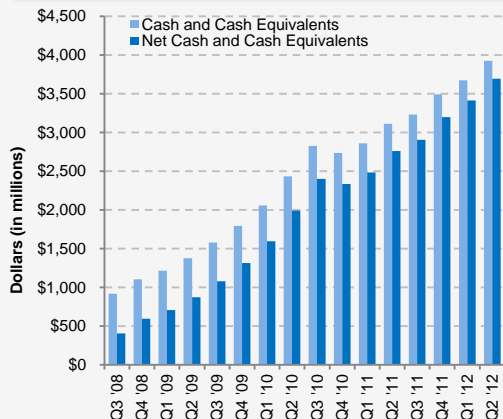
Tax  
6%-9% of Income  
Before Tax

Capital Expenditures  
7%-8%

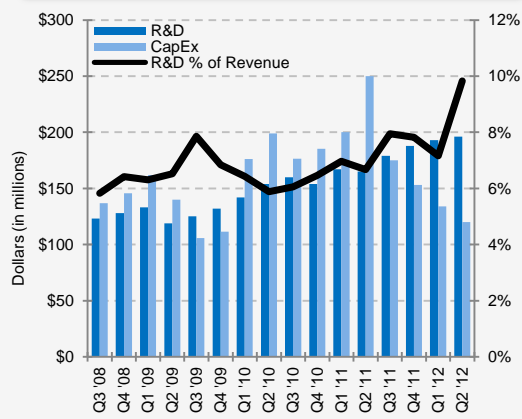
Inventory Turns  
12-16 Turns

Conversion Cycle  
4-8 Days

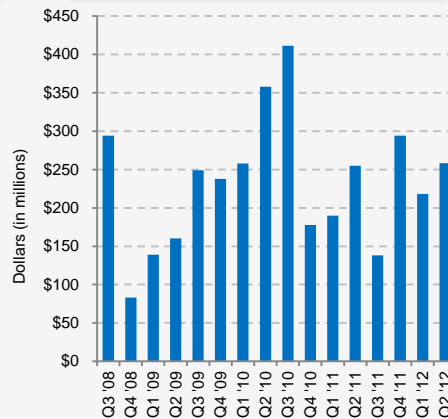
### Gross vs. Net Cash & Cash Equivalents



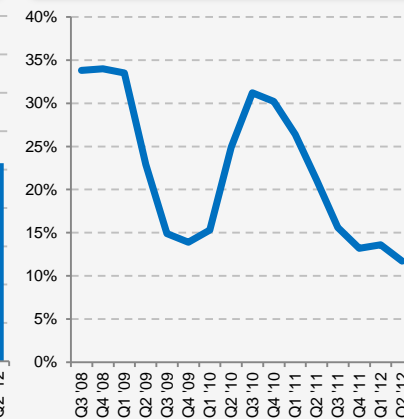
### R&D and Capital Expenditures



### Free Cash Flow



### R4Q Return on Invested Capital



## Footnotes

- 1.FY08 and 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
- 5.Q3 FY12 guidance is presented on a non-GAAP basis and excludes charges related to the Thailand flooding and expenses related to the planned acquisition of Hitachi Global Storage Technologies. Because these expenses are not known at this time, we are unable to provide information about, or a reconciliation to, the most directly comparable GAAP financial measures. The impact of these excluded expenses may cause the estimated non-GAAP financial measures to differ materially from the comparable GAAP financial measures.

## Formulas

**Share** = Units / TAM

**ASP** = Revenue / Units

**Free Cash Flow** = Cash Flow from Operations – Capital Expenditures

**EBITDA:** Net Income + Interest Expense + 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

## 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 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.

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	FY08	FY08	FY09	FY09	FY09	FY09	FY10	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12
<b>Reconciliation of Cash Flows from Operations to Free Cash Flow</b>																
Cash Flows from Operations	\$431	\$229	\$301	\$300	\$355	\$349	\$434	\$557	\$588	\$363	\$390	\$505	\$313	\$447	\$352	\$378
Capital Expenditures	(137)	(146)	(162)	(140)	(106)	(111)	(176)	(199)	(177)	(185)	(200)	(250)	(175)	(153)	(134)	(120)
Free Cash Flow	\$294	\$83	\$139	\$160	\$249	\$238	\$258	\$358	\$411	\$178	\$190	\$255	\$138	\$294	\$218	\$258
<b>Reconciliation of Net Income to EBITDA</b>																
Net Income	\$280	\$213	\$211	\$14	\$50	\$196	\$288	\$429	\$400	\$265	\$197	\$225	\$146	\$158	\$239	\$145
Interest Expense	8	4	4	9	3	2	2	2	1	1	-	1	(1)	2	1	2
Income Tax Expense	10	24	19	(7)	8	11	29	42	40	27	14	14	13	12	19	15
Depreciation and Amortization	111	113	117	122	119	122	121	126	128	134	150	151	151	150	158	140
EBITDA	\$409	\$354	\$351	\$138	\$180	\$331	\$440	\$599	\$569	\$427	\$361	\$391	\$309	\$322	\$417	\$302