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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 28, 2015**

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**Western Digital Corporation**

(Exact Name of Registrant as Specified in its Charter)

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**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.)

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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 April 28, 2015, Western Digital Corporation (“Western Digital”) announced financial results for the third fiscal quarter ended April 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 third fiscal quarter ended April 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 April 28, 2015 announcing financial results for the third fiscal quarter ended April 3, 2015.

99.2 Third 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: April 28, 2015

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



## Company contacts:

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**FOR IMMEDIATE RELEASE:****WESTERN DIGITAL ANNOUNCES FINANCIAL RESULTS FOR  
THIRD QUARTER FISCAL 2015**

IRVINE, Calif. — Apr. 28, 2015 — Western Digital® Corp. (NASDAQ: WDC) today reported revenue of \$3.5 billion and net income of \$384 million, or \$1.63 per share, for its third fiscal quarter ended Apr. 3, 2015. On a non-GAAP basis, net income was \$441 million or \$1.87 per share. In the year-ago quarter, the company reported revenue of \$3.7 billion and net income of \$375 million, or \$1.55 per share. Non-GAAP net income in the year-ago quarter was \$470 million, or \$1.94 per share.

The company generated \$684 million in cash from operations during the third fiscal quarter, ending with total cash and cash equivalents of \$4.8 billion. It utilized \$240 million to repurchase 2.2 million shares of common stock. On Feb. 3, the company declared a cash dividend of \$0.50 per share of its common stock, which was paid on Apr. 16.

“I am satisfied with our execution and results in light of current PC demand challenges that were largely driven by weak macro-economic conditions,” said Steve Milligan, president and chief executive officer. “We delivered a solidly profitable quarter with continued strong cash generation, improved average selling price and healthy gross margins.

“We continue to carefully balance the management of short term market dynamics with a strong focus on long term value creation. This is reflected in our balanced approach to capital allocation. Fiscal year to date, we returned \$1.1 billion to our shareholders in share repurchases and dividends, while continuing to invest in high growth market opportunities.”

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](http://investor.wdc.com). The telephone replay number is 1-800-925-0240 in the U.S. or +1-402-998-0856 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](http://investor.wdc.com).

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning the company's management of short term market dynamics, its focus on long term value creation, its approach to capital allocation, and its investments. 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 Feb. 10, 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)

	Apr. 3, 2015	Jun. 27, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,812	\$ 4,804
Short-term investments	228	284
Accounts receivable, net	1,696	1,989
Inventories	1,322	1,226
Other current assets	371	417
Total current assets	8,429	8,720
Property, plant and equipment, net	3,051	3,293
Goodwill	2,745	2,559
Other intangible assets, net	400	454
Other non-current assets	551	473
Total assets	<u>\$15,176</u>	<u>\$15,499</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,020	\$ 1,971
Accrued arbitration award	—	758
Accrued expenses	503	412
Accrued compensation	398	460
Accrued warranty	156	119
Current portion of long-term debt	141	125
Total current liabilities	3,218	3,845
Long-term debt	2,203	2,313
Other liabilities	529	499
Total liabilities	5,950	6,657
Total shareholders' equity	9,226	8,842
Total liabilities and shareholders' equity	<u>\$15,176</u>	<u>\$15,499</u>

## WESTERN DIGITAL CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	Apr. 3, 2015	Mar. 28, 2014	Apr. 3, 2015	Mar. 28, 2014
Revenue, net	\$ 3,550	\$ 3,703	\$ 11,381	\$ 11,479
Cost of revenue	2,518	2,627	8,090	8,148
Gross profit	1,032	1,076	3,291	3,331
Operating expenses:				
Research and development	402	418	1,265	1,235
Selling, general and administrative	199	201	583	559
Charges related to arbitration award	—	13	15	39
Employee termination, asset impairment and other charges	10	25	72	59
Total operating expenses	611	657	1,935	1,892
Operating income	421	419	1,356	1,439
Net interest and other	(9)	(13)	(26)	(34)
Income before income taxes	412	406	1,330	1,405
Income tax provision	28	31	85	105
Net income	\$ 384	\$ 375	\$ 1,245	\$ 1,300
Income per common share:				
Basic	\$ 1.66	\$ 1.60	\$ 5.34	\$ 5.51
Diluted	\$ 1.63	\$ 1.55	\$ 5.23	\$ 5.37
Weighted average shares outstanding:				
Basic	231	235	233	236
Diluted	236	242	238	242



WESTERN DIGITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Nine Months Ended	
	Apr. 3, 2015	Mar. 28, 2014	Apr. 3, 2015	Mar. 28, 2014
<b>Operating Activities</b>				
Net income	\$ 384	\$ 375	\$ 1,245	\$ 1,300
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	285	307	864	936
Stock-based compensation	37	41	117	125
Deferred income taxes	(22)	(27)	9	(66)
Gain from insurance recovery	—	—	(37)	(65)
Loss on disposal of assets	2	4	14	33
Non-cash portion of employee termination, asset impairment and other charges	(7)	17	12	26
Other non-cash operating activities, net	—	4	—	4
Changes in operating assets and liabilities, net	5	(24)	(470)	(189)
Net cash provided by operating activities	<u>684</u>	<u>697</u>	<u>1,754</u>	<u>2,104</u>
<b>Investing Activities</b>				
Purchases of property, plant and equipment	(150)	(161)	(456)	(467)
Acquisitions, net of cash acquired	(241)	—	(247)	(823)
Purchases of investments	(92)	(470)	(687)	(470)
Proceeds from sales of investments	35	—	665	—
Proceeds from sale of property, plant and equipment	—	—	7	—
Other investing activities, net	(10)	—	6	4
Net cash used in investing activities	<u>(458)</u>	<u>(631)</u>	<u>(712)</u>	<u>(1,756)</u>
<b>Financing Activities</b>				
Employee stock plans, net	48	42	112	139
Repurchases of common stock	(240)	(244)	(772)	(544)
Dividends to shareholders	(93)	(71)	(280)	(189)
Proceeds from debt	—	2,492	—	2,992
Repayment of debt	(31)	(2,371)	(94)	(2,486)
Net cash used in financing activities	<u>(316)</u>	<u>(152)</u>	<u>(1,034)</u>	<u>(88)</u>
Net increase (decrease) in cash and cash equivalents	(90)	(86)	8	260
Cash and cash equivalents, beginning of period	4,902	4,655	4,804	4,309
Cash and cash equivalents, end of period	<u>\$ 4,812</u>	<u>\$ 4,569</u>	<u>\$ 4,812</u>	<u>\$ 4,569</u>

WESTERN DIGITAL CORPORATION

GAAP TO NON-GAAP NET INCOME RECONCILIATION

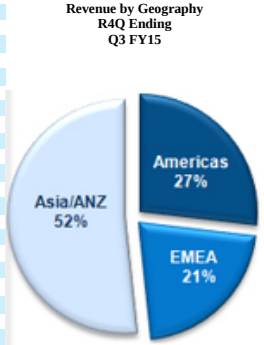
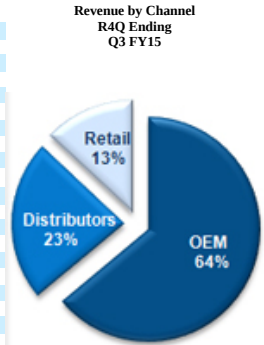
(in millions, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	Apr. 3, 2015	Mar. 28, 2014	Apr. 3, 2015	Mar. 28, 2014
GAAP net income	\$ 384	\$ 375	\$ 1,245	\$ 1,300
Non-GAAP adjustments:				
Amortization of intangibles	44	50	135	148
Employee termination, asset impairment and other charges	10	25	72	59
Charges related to arbitration award	—	13	15	39
Acquisition-related expense	3	—	3	13
Flood-related insurance recovery	—	—	(37)	(65)
Other	—	7	51	22
Non-GAAP net income	\$ 441	\$ 470	\$ 1,484	\$ 1,516
Diluted net income per common share:				
GAAP	\$ 1.63	\$ 1.55	\$ 5.23	\$ 5.37
Non-GAAP	\$ 1.87	\$ 1.94	\$ 6.24	\$ 6.26
Weighted average shares outstanding:				
Diluted	236	242	238	242

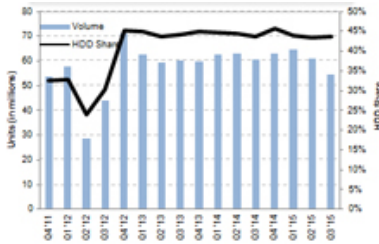
The table above sets forth non-GAAP net income and non-GAAP diluted net income per common share. These non-GAAP net income and diluted net income per common share measures exclude amortization of intangibles related to acquisitions, certain employee termination, asset impairment and other charges, certain 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 nine month periods ended April 3, 2015 and March 28, 2014.

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

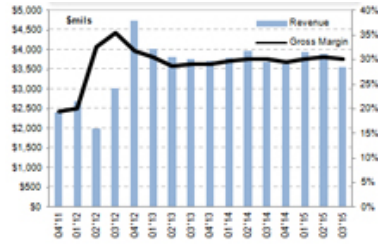
	Q4 FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15
TAM	165.8	176.3	119.1	146.4	156.7	139.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	147.3	140.8	125.0
HDD Share	32.5%	32.8%	23.9%	30.2%	45.3%	44.9%	43.6%	44.3%	44.9%	44.7%	44.4%	43.8%	45.7%	44.0%	43.4%	43.6%
Units (HDD) <sup>2</sup>	53.8	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
ASP (HDD)	\$ 44	\$ 46	\$ 69	\$ 68	\$ 65	\$ 62	\$ 61	\$ 60	\$ 60	\$ 58	\$ 60	\$ 58	\$ 56	\$ 58	\$ 60	\$ 61
Revenue	\$ 2,403	\$ 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
Gross Profit	\$ 469	\$ 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
Gross Margin	19.5%	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%
R&D	\$ 188	\$ 193	\$ 191	\$ 265	\$ 406	\$ 396	\$ 378	\$ 396	\$ 402	\$ 401	\$ 416	\$ 418	\$ 426	\$ 437	\$ 426	\$ 402
SG&A	77	71	85	122	178	179	162	185	180	132	226	201	202	220	164	199
Other	32	18	210	48	80	26	41	63	689	24	36	38	49	23	54	10
Total Operating Expenses	\$ 297	\$ 282	\$ 486	\$ 435	\$ 664	\$ 601	\$ 581	\$ 644	\$ 1,271	\$ 557	\$ 678	\$ 657	\$ 677	\$ 680	\$ 644	\$ 611
Operating Income (Loss)	\$ 172	\$ 259	\$ 162	\$ 542	\$ 808	\$ 592	\$ 478	\$ 417	\$ (221)	\$ 542	\$ 478	\$ 419	\$ 352	\$ 469	\$ 466	\$ 421
Net Income (Loss)	\$ 158	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384
EPS	\$ 0.67	\$ 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
Diluted Shares Outstanding	237	237	237	246	260	252	246	245	236	242	243	242	241	240	238	236
<b>Non-GAAP Results</b>																
Gross Profit <sup>10</sup>	\$ 469	\$ 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
Gross Margin <sup>10</sup>	19.5%	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%
Operating Expenses <sup>10</sup>	\$ 262	\$ 261	\$ 273	\$ 383	\$ 572	\$ 564	\$ 529	\$ 559	\$ 564	\$ 574	\$ 616	\$ 605	\$ 598	\$ 638	\$ 620	\$ 591
Net Income	\$ 193	\$ 260	\$ 358	\$ 619	\$ 872	\$ 594	\$ 513	\$ 514	\$ 477	\$ 514	\$ 532	\$ 470	\$ 445	\$ 504	\$ 539	\$ 441
EPS <sup>6</sup>	\$ 0.81	\$ 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
<b>Revenue By Channel</b>																
OEM	55%	53%	59%	64%	69%	63%	61%	60%	66%	64%	62%	62%	65%	63%	63%	64%
Distributors	29%	29%	25%	28%	21%	24%	24%	26%	23%	24%	24%	25%	24%	24%	23%	23%
Retail	16%	18%	16%	8%	10%	13%	15%	14%	11%	12%	14%	13%	12%	13%	14%	13%
<b>Revenue by Geography</b>																
Americas	20%	19%	22%	21%	27%	23%	27%	27%	28%	26%	25%	25%	24%	27%	27%	29%
EMEA	20%	22%	21%	18%	18%	18%	23%	22%	19%	20%	23%	21%	20%	21%	24%	21%
Asia/ANZ	60%	59%	57%	61%	55%	59%	50%	51%	53%	54%	52%	54%	56%	52%	49%	50%
Top 10 Customers Revenue	53%	49%	51%	53%	53%	44%	45%	45%	48%	48%	42%	44%	45%	45%	44%	43%
Enterprise SSD Revenue	\$ —	\$ —	\$ —	\$ 11	\$ 54	\$ 70	\$ 89	\$ 92	\$ 104	\$ 106	\$ 155	\$ 134	\$ 113	\$ 156	\$ 187	\$ 224
Non-PC Revenue <sup>12</sup>	35%	36%	34%	31%	45%	46%	51%	51%	52%	53%	54%	53%	54%	55%	58%	60%
<b>PC Units<sup>5</sup></b>																
Notebook	16,867	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
Desktop	22,348	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
<b>Non-PC Units</b>																
Consumer Electronics <sup>4</sup>	6,459	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
Branded	5,672	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
Enterprise	2,463	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
Total HDD	53,809	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
Average GB Shipped	608	634	578	581	668	708	804	805	797	811	874	888	875	1,002	1,087	1,123
EB Shipped	32.7	36.7	16.5	25.7	47.4	44.3	47.6	48.4	47.7	50.8	55.1	53.6	55.2	64.9	66.4	61.3
R4Q EB Shipped	117.8	128.5	114.6	111.5	126.3	133.9	165.1	187.8	188.0	194.5	202.0	207.2	214.7	228.8	240.1	247.8



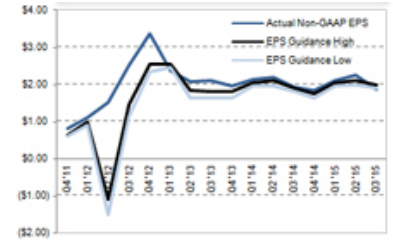
Volume and HDD Share<sup>2</sup>



Revenue and Non-GAAP Gross Margin<sup>10</sup>



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	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
Cash and Cash Equivalents	\$ 3,490	\$ 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
Available-for-Sale (AFS) Securities												470	499	454	465	523
Debt	(294)	(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)
Net Cash, Cash Equivalents & AFS Securities	\$ 3,196	\$ 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
Cash Flow From Operations	\$ 447	\$ 352	\$ 378	\$ 1,208	\$ 1,128	\$ 936	\$ 772	\$ 727	\$ 684	\$ 680	\$ 727	\$ 697	\$ 713	\$ 827	\$ 243	\$ 684
Free Cash Flow	\$ 294	\$ 218	\$ 258	\$ 1,069	\$ 804	\$ 554	\$ 526	\$ 539	\$ 548	\$ 544	\$ 557	\$ 536	\$ 552	\$ 667	\$ 97	\$ 534
Capital Expenditures	\$ 153	\$ 134	\$ 120	\$ 139	\$ 324	\$ 382	\$ 246	\$ 188	\$ 136	\$ 136	\$ 170	\$ 161	\$ 161	\$ 160	\$ 146	\$ 150
Depreciation and Amortization	\$ 150	\$ 158	\$ 140	\$ 188	\$ 339	\$ 313	\$ 309	\$ 309	\$ 302	\$ 312	\$ 317	\$ 307	\$ 308	\$ 289	\$ 290	\$ 285
EBITDA	\$ 322	\$ 417	\$ 302	\$ 730	\$ 1,147	\$ 905	\$ 787	\$ 726	\$ 81	\$ 854	\$ 795	\$ 726	\$ 660	\$ 758	\$ 756	\$ 706
Accounts Receivable, Net	\$ 1,206	\$ 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
<b>Inventory</b>																
Raw Materials	\$ 172	\$ 170	\$ 191	\$ 329	\$ 245	\$ 237	\$ 193	\$ 191	\$ 167	\$ 208	\$ 201	\$ 204	\$ 168	\$ 178	\$ 154	\$ 173
Work in Process	263	275	185	667	552	559	581	583	575	579	581	519	493	509	510	498
Finished Goods	142	200	90	286	413	508	430	423	446	457	511	554	565	585	618	651
Total Inventory	\$ 577	\$ 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
Property, Plant and Equipment, Net	\$ 2,224	\$ 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
Accounts Payable	\$ 1,545	\$ 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
Days Sales Outstanding <sup>11</sup>	46	46	34	71	45	44	41	41	44	43	45	44	50	48	44	44
Days Inventory Outstanding <sup>11</sup>	27	27	31	57	34	42	40	40	40	42	42	44	42	45	42	48
Days Payables Outstanding <sup>11</sup>	73	72	60	123	77	82	72	69	67	69	68	65	68	71	68	73
Cash Conversion Cycle <sup>11</sup>	—	1	5	5	2	4	9	12	17	16	19	23	24	22	18	19
Inventory Turns <sup>11</sup>	13	13	12	6	11	9	9	9	9	9	9	8	9	8	9	8
Dividends Paid	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 121	\$ —	\$ 60	\$ 59	\$ 59	\$ 71	\$ 70	\$ 94	\$ 94	\$ 93
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
Shares Repurchased	—	—	—	—	604	218	146	243	235	150	150	244	272	223	309	240
Remaining Amount Authorized	\$ 416	\$ 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
R4Q Economic Profit <sup>8</sup>	\$ 92	\$ 113	\$ 15	\$ (83)	\$ 542	\$ 801	\$ 976	\$ 884	\$ (59)	\$ (176)	\$ (109)	\$ (158)	\$ 415	\$ 332	\$ 328	\$ 320
R4Q ROIC <sup>8</sup>	13.2%	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%
R4Q ROA <sup>8</sup>	9.2%	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%
Worldwide Headcount <sup>3</sup>	65,431	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

**Business Model (Non-GAAP)**

Gross Margin\* 27%-32%

Operating Expense\* 10%-12%

Operating Income\* 15%-22%

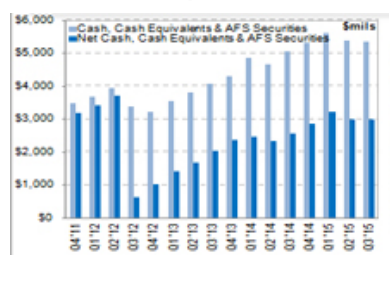
Tax 7%-10% of Income Before Tax

Capital Expenditures\* 5%-7%

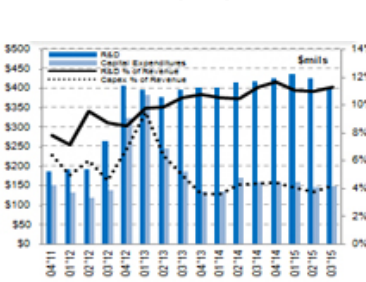
Conversion Cycle 4-8 Days

\*Percent of Revenue

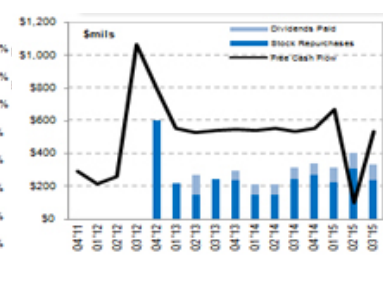
Gross vs. Net Cash, Cash Equivalents & AFS Securities



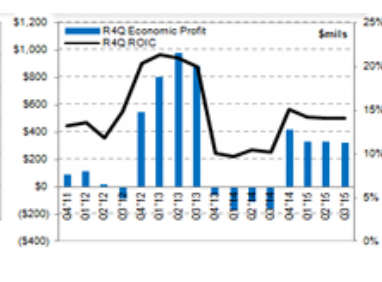
R&D<sup>10</sup> and Capital Expenditures



Free Cash Flow



R4Q ROIC & R4Q Economic Profit<sup>8</sup>



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	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
<b>Reconciliation of Cash Flows from Operations to Free Cash Flow</b>																
Cash Flows from Operations	\$ 447	\$ 352	\$ 378	\$ 1,208	\$ 1,128	\$ 936	\$ 772	\$ 727	\$ 684	\$ 680	\$ 727	\$ 697	\$ 713	\$ 827	\$ 243	\$ 684
Capital Expenditures	(153)	(134)	(120)	(139)	(324)	(382)	(246)	(188)	(136)	(136)	(170)	(161)	(161)	(160)	(146)	(150)
Free Cash Flow	\$ 294	\$ 218	\$ 258	\$ 1,069	\$ 804	\$ 554	\$ 526	\$ 539	\$ 548	\$ 544	\$ 557	\$ 536	\$ 552	\$ 667	\$ 97	\$ 534
<b>Reconciliation of Net Income to EBITDA</b>																
Net Income (Loss)	\$ 158	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384
Interest	2	1	2	4	7	14	10	11	9	10	11	13	5	9	8	9
Income Tax Expense	12	19	15	55	56	59	133	15	35	37	37	31	30	37	20	28
Depreciation and Amortization	150	158	140	188	339	313	309	309	302	312	317	307	308	289	290	285
EBITDA	\$ 322	\$ 417	\$ 302	\$ 730	\$ 1,147	\$ 905	\$ 787	\$ 726	\$ 81	\$ 854	\$ 795	\$ 726	\$ 660	\$ 758	\$ 756	\$ 706
<b>Reconciliation of Gross Margin to Non-GAAP Gross Margin &amp; Gross Profit to Non-GAAP Gross Profit</b>																
Gross Profit <sup>10</sup>	\$ 469	\$ 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
Acquisition-Related Fair Value Adjustments	—	—	—	91	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	10	—	39	—
Amortization of Intangibles	—	—	—	9	39	38	38	38	35	36	40	39	39	39	38	37
Non-GAAP Gross Profit <sup>10</sup>	\$ 469	\$ 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
Revenue	\$ 2,403	\$ 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
Gross Margin <sup>10</sup>	19.5%	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%
Non-GAAP Gross Margin <sup>10</sup>	19.5%	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%
<b>Reconciliation of Operating Expenses to Non-GAAP Operating Expenses</b>																
Total Operating Expenses	\$ 297	\$ 282	\$ 486	\$ 435	\$ 664	\$ 601	\$ 581	\$ 644	\$ 1,271	\$ 557	\$ 678	\$ 657	\$ 677	\$ 680	\$ 644	\$ 611
Less:																
Acquisition-Related Expense	(10)	(14)	(14)	(34)	—	—	—	—	(7)	(13)	—	—	—	—	—	(3)
Litigation	(25)	(7)	—	—	—	—	—	—	(681)	(13)	(25)	(13)	(13)	(26)	(1)	—
Charges and Insurance Recoveries Related to Flooding, Net	—	—	(199)	(15)	—	—	—	—	—	65	—	—	—	—	37	—
Amortization of Intangibles	—	—	—	(3)	(12)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(8)	(7)	(7)	(7)
Restructuring and other	—	—	—	—	(80)	(26)	(41)	(74)	(8)	(11)	(26)	(58)	(9)	(53)	(10)	—
Non-GAAP Operating Expenses	262	261	273	383	572	564	529	559	564	574	616	605	598	638	620	591
<b>Reconciliation of Net Income (Loss) to Non-GAAP Net Income</b>																
Net Income (Loss)	\$ 158	\$ 239	\$ 145	\$ 483	\$ 745	\$ 519	\$ 335	\$ 391	\$ (265)	\$ 495	\$ 430	\$ 375	\$ 317	\$ 423	\$ 438	\$ 384
Acquisition-Related Expense	10	14	14	34	—	—	—	—	7	13	—	—	—	—	—	3
Litigation	25	7	—	—	—	—	—	—	681	13	25	13	13	26	23	—
Charges and Insurance Recoveries Related to Flooding, Net	—	—	199	15	—	—	—	—	—	(65)	—	—	—	—	(37)	—
Acquisition-Related Fair Value Adjustments	—	—	—	91	—	—	—	—	—	—	—	—	—	—	—	—
Amortization of Intangibles	—	—	—	12	51	49	49	49	46	47	51	50	47	46	45	44
Restructuring and other	—	—	—	—	80	26	41	74	8	11	26	28	68	9	70	10
Write-off of debt issuance costs	—	—	—	—	—	—	—	—	—	—	—	4	—	—	—	—
Tax Impact	—	—	—	(16)	(4)	—	88	—	—	—	—	—	—	—	—	—
Non-GAAP Net Income	\$ 193	\$ 260	\$ 358	\$ 619	\$ 872	\$ 594	\$ 513	\$ 514	\$ 477	\$ 514	\$ 532	\$ 470	\$ 445	\$ 504	\$ 539	\$ 441
EPS	\$ 0.67	\$ 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
Non-GAAP EPS	\$ 0.81	\$ 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
Diluted Shares Outstanding	237	237	237	246	260	252	246	245	236	242	243	242	241	240	238	236
Non-GAAP Diluted Shares Outstanding <sup>6</sup>	237	237	237	246	260	252	246	245	243	242	243	242	241	240	238	236

## 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	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY10	FY10	FY10	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13	FY13	FY13	FY14	FY14	FY14	FY14	FY15	FY15	FY15
<b>Reconciliation of Operating Income (Loss) to R4Q Economic Profit</b>																						
Operating Income (Loss)	\$ 473	\$ 441	\$ 293	\$ 211	\$ 240	\$ 158	\$ 172	\$ 259	\$ 162	\$ 542	\$ 808	\$ 592	\$ 478	\$ 417	\$ (221)	\$ 542	\$ 478	\$ 419	\$ 352	\$ 469	\$ 466	\$ 421
Income Tax Provision	(42)	(40)	(27)	(14)	(14)	(13)	(12)	(19)	(15)	(55)	(56)	(59)	(133)	(15)	(35)	(37)	(37)	(31)	(30)	(37)	(20)	(28)
Net Operating Profit After Taxes	431	401	266	197	226	145	160	240	147	487	752	533	345	402	(256)	505	441	388	322	432	446	393
R4Q Net Operating Profit After Taxes	972	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
Invested Capital x WACC	(488)	(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)
R4Q Economic Profit	\$ 484	\$ 786	\$ 826	\$ 714	\$ 484	\$ 213	\$ 92	\$ 113	\$ 15	\$ (83)	\$ 542	\$ 801	\$ 976	\$ 884	\$ (59)	\$ (176)	\$ (109)	\$ (158)	\$ 415	\$ 332	\$ 328	\$ 320

### 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.