



Western Digital Reports Fiscal First Quarter 2023 Financial Results

News Summary

- First quarter revenue was \$3.74 billion, above the midpoint of guidance.
- First quarter GAAP earnings per share (EPS) was \$0.08 and Non-GAAP EPS was \$0.20, non-GAAP EPS was impacted by higher tax rate.
- First quarter GAAP operating income was \$158 million and Non-GAAP operating income was \$307 million.
- Expect fiscal second quarter 2023 revenue to be in the range of \$2.90 billion to \$3.10 billion with Non-GAAP EPS in the range of \$(0.25) to \$0.05.

SAN JOSE, Calif., — October 27, 2022 — Western Digital Corp. (Nasdaq: WDC) today reported fiscal first quarter 2023 financial results.

“I am pleased to see the Western Digital team work together to deliver revenue at the upper half of the guidance range and operating income at the upper half as implied by the midpoints of our guidance, in the midst of an incredibly dynamic and challenging macroeconomic environment,” said David Goeckeler, Western Digital CEO.

“Overall, the organizational and portfolio improvements we have made over the past few years have equipped us to effectively manage through this consumer-led downturn, which is showing signs of stabilization. As we remain focused on innovation and execution, I am optimistic that Western Digital will emerge stronger as we continue to ramp multiple new products into data centers worldwide and market conditions improve.”

Q1 2023 Financial Highlights

| | GAAP | | | Non-GAAP | | |
|--------------------------|---------|---------|--------------|----------|---------|--------------|
| | Q1 2023 | Q4 2022 | Q/Q | Q1 2023 | Q4 2022 | Q/Q |
| Revenue (\$M) | \$3,736 | \$4,528 | down 17% | \$3,736 | \$4,528 | down 17% |
| Gross Margin | 26.3% | 31.9% | down 5.6 ppt | 26.7% | 32.3% | down 5.6 ppt |
| Operating Expenses (\$M) | \$823 | \$883 | down 7% | \$689 | \$760 | down 9% |
| Operating Income (\$M) | \$158 | \$562 | down 72% | \$307 | \$702 | down 56% |
| Net Income (\$M) | \$27 | \$301 | * | \$64 | \$567 | down 89% |
| Earnings Per Share | \$0.08 | \$0.95 | * | \$0.20 | \$1.78 | down 89% |

* not a meaningful figure

| | GAAP | | | Non-GAAP | | |
|--------------------------|---------|---------|--------------|----------|---------|--------------|
| | Q1 2023 | Q1 2022 | Y/Y | Q1 2023 | Q1 2022 | Y/Y |
| Revenue (\$M) | \$3,736 | \$5,051 | down 26% | \$3,736 | \$5,051 | down 26% |
| Gross Margin | 26.3% | 33.0% | down 6.7 ppt | 26.7% | 33.9% | down 7.2 ppt |
| Operating Expenses (\$M) | \$823 | \$887 | down 7% | \$689 | \$761 | down 9% |
| Operating Income (\$M) | \$158 | \$778 | down 80% | \$307 | \$952 | down 68% |
| Net Income (\$M) | \$27 | \$610 | down 96% | \$64 | \$787 | down 92% |
| Earnings Per Share | \$0.08 | \$1.93 | down 96% | \$0.20 | \$2.49 | down 92% |

The company generated \$6 million in cash flow from operations and ended the quarter with \$2.05 billion of total cash and cash equivalents.

Additional details can be found within the company's earnings presentation, which is accessible online at investor.wdc.com.

End Market Summary

| Revenue (\$M) | Q1 2023 | Q4 2022 | Q/Q | Q1 2022 | Y/Y |
|---------------|----------------|----------------|----------|----------------|----------|
| Cloud | \$1,829 | \$2,098 | down 13% | \$2,225 | down 18% |
| Client | 1,229 | 1,637 | down 25% | 1,853 | down 34% |
| Consumer | 678 | 793 | down 15% | 973 | down 30% |
| Total Revenue | <u>\$3,736</u> | <u>\$4,528</u> | down 17% | <u>\$5,051</u> | down 26% |

In the fiscal first quarter:

- Cloud represented 49% of total revenue. Sequentially, continued momentum in capacity enterprise drives sold to U.S. cloud customers and an increase in smart video hard drives demand partly offset the decline in all other hard drive product channels and flash. The year-over-year decrease was due to broad-based decline across both hard drive and flash products.
- Client represented 33% of total revenue. Sequentially, the decline was attributed to flash, driven by inventory reduction at PC OEMs and lower pricing. The year-over-year decrease resulted primarily from reduced flash pricing.
- Consumer represented 18% of revenue. On both a sequential and year-over-year basis, the revenue decline was due to flash pricing and lower retail HDD shipments.

Business Outlook for Fiscal Second Quarter of 2023

| | Three Months Ending December 30, 2022 | |
|------------------------------------------|------------------------------------------|-------------------------|
| | GAAP ⁽¹⁾ | Non-GAAP ⁽¹⁾ |
| Revenue (\$B) | \$2.90 - \$3.10 | \$2.90 - \$3.10 |
| Gross margin | 19.5% - 21.5% | 20.0% - 22.0% |
| Operating expenses (\$M) | \$760 - \$780 | \$650 - \$670 |
| Interest and other expense, net (\$M) | ~\$80 | ~\$80 |
| Tax benefit (\$M) ⁽²⁾ | N/A | \$70 - \$90 |
| Diluted earnings per share | N/A | \$(0.25) - \$0.05 |
| Diluted shares outstanding (in millions) | ~319 | ~319 |

(1) Non-GAAP gross margin guidance excludes stock-based compensation expense of approximately \$10 million to \$15 million. The company's Non-GAAP operating expenses guidance excludes amortization of acquired intangible assets and stock-based compensation expense, totaling approximately \$100 million to \$120 million. In the aggregate, Non-GAAP diluted earnings per share guidance excludes these items totaling \$110 million to \$135 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 benefit and Non-GAAP diluted earnings per share are dependent on the timing and determination of certain actions and cannot be reasonably predicted. Accordingly, full reconciliations of Non-GAAP gross margin, Non-GAAP operating expenses, Non-GAAP tax benefit and Non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (income tax benefit and diluted earnings per share, respectively) are not available without unreasonable effort.

(2) The Non-GAAP tax benefit in dollars is determined based on a percentage of Non-GAAP pre-tax income or loss. Due to differences in the tax treatment of items excluded from our Non-GAAP net income; the fact that our GAAP tax expense or benefit in dollars recorded in any interim period is based on an estimated forecasted GAAP tax rate for the full year, excluding loss jurisdictions; and because our GAAP taxes recorded in any interim period are dependent on the timing and determination of certain GAAP operating expenses, our estimated Non-GAAP tax dollars may differ from our GAAP tax dollars.

Investor Communications

The investment community conference call to discuss these results and the company's business outlook for the fiscal second quarter of 2023 will be broadcast live online today at 5:30 a.m. Pacific/8:30 a.m. Eastern. The live and archived conference call/webcast and the earnings presentation can be accessed online at investor.wdc.com.

About Western Digital

Western Digital is on a mission to unlock the potential of data by harnessing the possibility to use it. With Flash and HDD franchises, underpinned by advancements in memory technologies, we create breakthrough innovations and powerful data storage solutions that enable the world to actualize its aspirations. Core to our values, we recognize the urgency to combat climate change and have committed to ambitious carbon reduction goals approved by the Science Based Targets initiative. Learn more about Western Digital and the Western Digital®, SanDisk® and WD® brands at www.westerndigital.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws, including statements regarding expectations for the company's business outlook and financial performance for the fiscal second quarter of 2023; demand trends; market conditions; product ramps; and the impact of organizational and portfolio improvements. 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. The preliminary financial results for the company's fiscal first quarter ended September 30, 2022 included in this press release represent the most current information available to management. The company's actual results when disclosed in its Form 10-Q may differ from these preliminary results as a result of the completion of the company's financial closing procedures; final adjustments; completion of the review by the company's independent registered accounting firm; and other developments that may arise between now and the disclosure of the final results. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: volatility in global economic conditions; future responses to and effects of the COVID-19 pandemic or other similar global health crises; impact of business and market conditions; the outcome and impact of our ongoing strategic review, including with respect to customer and supplier relationships, regulatory and contractual restrictions, stock price volatility and the diversion of management's attention from ongoing business operations and opportunities; impact of competitive products and pricing; our development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and our strategic relationships; difficulties or delays in manufacturing or other supply chain disruptions;

hiring and retention of key employees; our level of debt and other financial obligations; changes to our relationships with key customers; disruptions in operations from cybersecurity incidents or other system security risks; actions by competitors; risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; 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 25, 2022, 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 or revise these forward-looking statements to reflect new information or events, except as required by law.

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WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions; unaudited; on a US GAAP basis)

| | <u>September 30, 2022</u> | <u>July 1, 2022</u> |
|----------------------------------------------------|-------------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,049 | \$ 2,327 |
| Accounts receivable, net | 2,422 | 2,804 |
| Inventories | 3,862 | 3,638 |
| Other current assets | 738 | 684 |
| Total current assets | 9,071 | 9,453 |
| Property, plant and equipment, net | 3,718 | 3,670 |
| Notes receivable and investments in Flash Ventures | 1,219 | 1,396 |
| Goodwill | 10,037 | 10,041 |
| Other intangible assets, net | 174 | 213 |
| Other non-current assets | 1,467 | 1,486 |
| Total assets | <u>\$ 25,686</u> | <u>\$ 26,259</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,686 | \$ 1,902 |
| Accounts payable to related parties | 295 | 320 |
| Accrued expenses | 1,592 | 1,636 |
| Income taxes payable | 986 | 869 |
| Accrued compensation | 407 | 510 |
| Total current liabilities | 4,966 | 5,237 |
| Long-term debt | 7,071 | 7,022 |
| Other liabilities | 1,542 | 1,779 |
| Total liabilities | 13,579 | 14,038 |
| Total shareholders' equity | 12,107 | 12,221 |
| Total liabilities and shareholders' equity | <u>\$ 25,686</u> | <u>\$ 26,259</u> |

WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts; unaudited; on a US GAAP basis)

| | Three Months Ended | |
|----------------------------------------------------------|-----------------------|--------------------|
| | September 30, 2022 | October 1, 2021 |
| Revenue, net | \$ 3,736 | \$ 5,051 |
| Cost of revenue | 2,755 | 3,386 |
| Gross profit | 981 | 1,665 |
| Operating expenses: | | |
| Research and development | 552 | 578 |
| Selling, general and administrative | 247 | 291 |
| Employee termination, asset impairment and other charges | 24 | 18 |
| Total operating expenses | 823 | 887 |
| Operating income | 158 | 778 |
| Interest and other expense, net | (74) | (74) |
| Income before taxes | 84 | 704 |
| Income tax expense | 57 | 94 |
| Net income | \$ 27 | \$ 610 |
| Income per common share: | | |
| Basic | \$ 0.09 | \$ 1.97 |
| Diluted | \$ 0.08 | \$ 1.93 |
| Weighted average shares outstanding: | | |
| Basic | 316 | 310 |
| Diluted | 319 | 316 |

WESTERN DIGITAL CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited; on a US GAAP basis)

| | Three Months Ended | |
|-------------------------------------------------------------------------|-----------------------|--------------------|
| | September 30, 2022 | October 1, 2021 |
| Operating Activities | | |
| Net income | \$ 27 | \$ 610 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation and amortization | 216 | 250 |
| Stock-based compensation | 86 | 76 |
| Deferred income taxes | (42) | 27 |
| Gain on disposal of assets | 1 | — |
| Amortization of debt issuance costs and discounts | 3 | 10 |
| Other non-cash operating activities, net | 44 | (12) |
| Changes in: | | |
| Accounts receivable, net | 382 | (188) |
| Inventories | (224) | 73 |
| Accounts payable | (125) | (41) |
| Accounts payable to related parties | (25) | (20) |
| Accrued expenses | (44) | (1) |
| Income taxes payable | 117 | (35) |
| Accrued compensation | (104) | (67) |
| Other assets and liabilities, net | (306) | (161) |
| Net cash provided by operating activities | <u>6</u> | <u>521</u> |
| Investing Activities | | |
| Purchases of property, plant and equipment, net | (320) | (245) |
| Activity related to Flash Ventures, net | 99 | (52) |
| Strategic Investments and other, net | (3) | (15) |
| Net cash used in investing activities | <u>(224)</u> | <u>(312)</u> |
| Financing Activities | | |
| Employee stock plans, net | (50) | (76) |
| Repayment of debt and revolving credit facility | — | (213) |
| Net cash used in financing activities | <u>(50)</u> | <u>(289)</u> |
| Effect of exchange rate changes on cash | (10) | — |
| Net decrease in cash and cash equivalents | (278) | (80) |
| Cash and cash equivalents, beginning of period | 2,327 | 3,370 |
| Cash and cash equivalents, end of period | <u>\$ 2,049</u> | <u>\$ 3,290</u> |

WESTERN DIGITAL CORPORATION
Supplemental Operating Segment Results
(in millions; except percentages; unaudited)

| | Three Months Ended | |
|--------------------------------------------|-----------------------|--------------------|
| | September 30, 2022 | October 1, 2021 |
| Net revenue: | | |
| Flash | \$ 1,722 | \$ 2,490 |
| HDD | 2,014 | 2,561 |
| Total net revenue | <u>\$ 3,736</u> | <u>\$ 5,051</u> |
| Gross profit: | | |
| Flash | \$ 422 | \$ 921 |
| HDD | 574 | 792 |
| Total gross profit for segments | <u>996</u> | <u>1,713</u> |
| Unallocated corporate items: | | |
| Stock-based compensation expense | (14) | (9) |
| Amortization of acquired intangible assets | (1) | (39) |
| Total unallocated corporate items | <u>(15)</u> | <u>(48)</u> |
| Consolidated gross profit | <u>\$ 981</u> | <u>\$ 1,665</u> |
| Gross margin: | | |
| Flash | 24.5 % | 37.0 % |
| HDD | 28.5 % | 30.9 % |
| Total gross margin for segments | 26.7 % | 33.9 % |
| Consolidated gross margin | 26.3 % | 33.0 % |

The Company manages and reports under two reportable segments: flash-based products (“Flash”) and hard disk drives (“HDD”). In the table above, total gross profit for segments and total gross margin for segments are Non-GAAP financial measures, which are also referred to herein as Non-GAAP gross profit and Non-GAAP gross margin, respectively.

WESTERN DIGITAL CORPORATION
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions; unaudited)

| | Three Months Ended | | |
|----------------------------------------------------------|-----------------------|-----------------|--------------------|
| | September 30, 2022 | July 1, 2022 | October 1, 2021 |
| GAAP cost of revenue | \$ 2,755 | \$ 3,083 | \$ 3,386 |
| Stock-based compensation expense | (14) | (12) | (9) |
| Amortization of acquired intangible assets | (1) | (1) | (39) |
| Contamination related charges | — | (4) | — |
| Non-GAAP cost of revenue | <u>\$ 2,740</u> | <u>\$ 3,066</u> | <u>\$ 3,338</u> |
| GAAP gross profit | \$ 981 | \$ 1,445 | \$ 1,665 |
| Stock-based compensation expense | 14 | 12 | 9 |
| Amortization of acquired intangible assets | 1 | 1 | 39 |
| Contamination related charges | — | 4 | — |
| Non-GAAP gross profit | <u>\$ 996</u> | <u>\$ 1,462</u> | <u>\$ 1,713</u> |
| GAAP operating expenses | \$ 823 | \$ 883 | \$ 887 |
| Stock-based compensation expense | (72) | (65) | (67) |
| Amortization of acquired intangible assets | (38) | (39) | (39) |
| Employee termination, asset impairment and other charges | (24) | (19) | (18) |
| Other | — | — | (2) |
| Non-GAAP operating expenses | <u>\$ 689</u> | <u>\$ 760</u> | <u>\$ 761</u> |
| GAAP operating income | \$ 158 | \$ 562 | \$ 778 |
| Cost of revenue adjustments | 15 | 17 | 48 |
| Operating expense adjustments | 134 | 123 | 126 |
| Non-GAAP operating income | <u>\$ 307</u> | <u>\$ 702</u> | <u>\$ 952</u> |
| GAAP interest and other expense, net | \$ (74) | \$ (51) | \$ (74) |
| Non-cash economic interest and Other | (1) | (14) | 6 |
| Non-GAAP interest and other expense, net | <u>\$ (75)</u> | <u>\$ (65)</u> | <u>\$ (68)</u> |
| GAAP income tax expense | \$ 57 | \$ 210 | \$ 94 |
| Income tax adjustments | 111 | (140) | 3 |
| Non-GAAP income tax expense | <u>\$ 168</u> | <u>\$ 70</u> | <u>\$ 97</u> |

WESTERN DIGITAL CORPORATION
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share amounts; unaudited)

| | Three Months Ended | | |
|----------------------------------------------------------|-----------------------|-----------------|--------------------|
| | September 30, 2022 | July 1, 2022 | October 1, 2021 |
| GAAP Net income | \$ 27 | \$ 301 | \$ 610 |
| Stock-based compensation expense | 86 | 77 | 76 |
| Amortization of acquired intangible assets | 39 | 40 | 78 |
| Contamination related charges | — | 4 | — |
| Employee termination, asset impairment and other charges | 24 | 19 | 18 |
| Non-cash economic interest and Other | (1) | (14) | 8 |
| Income tax adjustments | (111) | 140 | (3) |
| Non-GAAP net income | <u>\$ 64</u> | <u>\$ 567</u> | <u>\$ 787</u> |
| Diluted income per common share | | | |
| GAAP | <u>\$ 0.08</u> | <u>\$ 0.95</u> | <u>\$ 1.93</u> |
| Non-GAAP | <u>\$ 0.20</u> | <u>\$ 1.78</u> | <u>\$ 2.49</u> |
| Diluted weighted average shares outstanding: | | | |
| GAAP | <u>319</u> | <u>318</u> | <u>316</u> |
| Non-GAAP | <u>319</u> | <u>318</u> | <u>316</u> |
| Cash flows | | | |
| Cash flow provided by operating activities | \$ 6 | \$295 | \$ 521 |
| Purchases of property, plant and equipment, net | (320) | (278) | (245) |
| Activity related to Flash Ventures, net | 99 | (114) | (52) |
| Free cash flow | <u>\$ (215)</u> | <u>\$ (97)</u> | <u>\$ 224</u> |

To supplement the condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), the table above sets forth Non-GAAP cost of revenue; Non-GAAP gross profit; Non-GAAP gross margin; Non-GAAP operating expenses; Non-GAAP operating income; Non-GAAP interest and other expense, net; Non-GAAP income tax expense; Non-GAAP net income; Non-GAAP diluted income per common share and free cash flow (“Non-GAAP measures”). These Non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from Non-GAAP measures used by other companies. The company believes the presentation of these Non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors for measuring the company’s earnings performance and comparing it against prior periods. Specifically, the company believes these Non-GAAP measures provide useful information to both management and investors as they exclude certain expenses, gains and losses that the company believes are not indicative of its core operating results or because they are consistent with the financial models and estimates published by many analysts who follow the company and its peers. As discussed further below, these Non-GAAP measures exclude, as applicable, stock-based compensation expense, amortization of acquired intangible assets, contamination related charges, employee termination, asset impairment and other charges, non-cash economic interest, other adjustments, and income tax adjustments, and the company believes these measures along with the related reconciliations to the GAAP measures provide additional detail and comparability for assessing the company's results. These Non-GAAP measures are some of the primary indicators management uses for assessing the company's performance and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results.

As described above, the company excludes the following items from its Non-GAAP measures:

Stock-based compensation expense. Because of the variety of equity awards used by companies, the varying methodologies for determining stock-based compensation expense, the subjective assumptions involved in those determinations, and the volatility in valuations that can be driven by market conditions outside the company's control, the company believes excluding stock-based compensation expense enhances the ability of management and investors to understand and assess the underlying performance of its business over time and compare it against the company's peers, a majority of whom also exclude stock-based compensation expense from their Non-GAAP results.

Amortization of acquired intangible assets. The company incurs expenses from the amortization of acquired intangible assets over their economic lives. Such charges are significantly impacted by the timing and magnitude of the company's acquisitions and any related impairment charges.

Contamination related charges. In February 2022, a contamination of certain materials used in the company's manufacturing process occurred and affected production operation at the flash-based memory manufacturing facilities in Yokkaichi and Kitakami, Japan, which are operated through the company's joint business ventures with Kioxia Corporation (collectively, "Flash Ventures"). The contamination resulted in scrapped inventory and rework costs, decontamination and other costs needed to restore the facilities to normal capacity, and under absorption of overhead costs, which are expensed as incurred. These charges are inconsistent in amount and frequency, and the company believes these charges are not part of the ongoing production operation of its business.

Employee termination, asset impairment and other charges. From time-to-time, in order to realign the company's operations with anticipated market demand or to achieve cost synergies from the integration of acquisitions, the company may terminate employees and/or restructure its operations. From time-to-time, the company may also incur charges from the impairment of intangible assets and other long-lived assets. In addition, the company may record credits related to gains upon sale of property due to restructuring or reversals of charges recorded in prior periods. These charges or credits are inconsistent in amount and frequency, and the company believes they are not indicative of the underlying performance of its business.

Non-cash economic interest. The company excludes non-cash economic interest expense associated with its convertible notes. These charges do not reflect the company's operating results, and the company believes they are not indicative of the underlying performance of its business.

Other adjustments. From time-to-time, the company incurs charges or gains that the company believes are not a part of the ongoing operation of its business. The resulting expense or benefit is inconsistent in amount and frequency.

Income tax adjustments. Income tax adjustments include the difference between income taxes based on a forecasted annual Non-GAAP tax rate and a forecasted annual GAAP tax rate as a result of the timing of certain Non-GAAP pre-tax adjustments. The income tax adjustments also include adjustments to estimates related to the current status of the rules and regulations governing the transition to the Tax Cuts and Jobs Act and the re-measurement of certain unrecognized tax benefits primarily related to tax positions taken in prior quarters, including interest. These adjustments are excluded because the company believes that they are not indicative of the underlying performance of its ongoing business.

Additionally, free cash flow is defined as cash flows provided by operating activities less purchases of property, plant and equipment, net, and the activity related to Flash Ventures, net. The company considers free cash flow generated in any period to be a useful indicator of cash that is available for strategic opportunities including, among others, investing in the company's business, making strategic acquisitions, repaying debt and strengthening the balance sheet.

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