
**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 30, 2014

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 30, 2014, Western Digital Corporation (“Western Digital”) announced financial results for the fourth fiscal quarter ended June 27, 2014. 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 fiscal quarter ended June 27, 2014 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 (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 30, 2014 announcing financial results for the fourth fiscal quarter ended June 27, 2014.

99.2 Fourth Quarter Fiscal Year 2014 Western Digital Corporation Quarterly Fact Sheet.



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FOR IMMEDIATE RELEASE:**WESTERN DIGITAL ANNOUNCES FINANCIAL RESULTS FOR
FOURTH QUARTER AND FISCAL YEAR 2014**

IRVINE, Calif. — Jul. 30, 2014 — Western Digital® Corp. (NASDAQ: WDC) today reported financial results for the fourth quarter and fiscal year ended June 27, 2014. For the fourth quarter, the company reported revenue of \$3.7 billion and net income of \$317 million, or \$1.32 per share. On a non-GAAP basis, net income was \$445 million or \$1.85 per share.¹ In the year-ago quarter, the company reported revenue of \$3.7 billion, a net loss of \$265 million, or \$1.12 per share. Non-GAAP net income in the year-ago quarter was \$477 million, or \$1.96 per share.²

The company generated \$713 million in cash from operations during the June quarter, ending with total cash and cash equivalents of \$4.8 billion. During the June quarter, the company utilized \$272 million to repurchase 3.2 million shares of common stock. On May 14, the company declared a \$0.40 per common-share dividend, which was paid on July 15.

For the fiscal year, the company achieved revenue of \$15.1 billion and net income of \$1.6 billion, or \$6.68 per share, compared to fiscal year 2013 revenue of \$15.4 billion and net income of \$980 million, or \$3.98 per share. On a non-GAAP basis, fiscal 2014 net income was \$2.0 billion, or \$8.10 per share, compared to fiscal 2013 net income of \$2.1 billion or \$8.53 per share.³ The company generated \$2.8 billion in cash from operations during the fiscal year and it utilized \$1.1 billion for dividends and share repurchases.

“We achieved strong financial results in the June quarter, with better-than-anticipated revenue, healthy gross margin performance and continued strong cash flow generation,” said Steve Milligan, president and chief executive officer. “We did so by addressing continued robust demand in gaming and stronger-than-expected demand in notebook PCs, demonstrating our flexibility and capability in high-volume businesses. We also saw strength in our performance enterprise business.

“Longer term, we remain excited about Western Digital’s strong strategic position at the center of the storage ecosystem, which continues to expand, evolve and transform. The creation of digital data continues unabated and the strategic value of that content is increasing. With our deep insight and experience, we will continue to play a vital role in unlocking the value of data with innovative and industry-leading storage devices and solutions.”

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 1-800-324-4587 in the U.S. or +1-402-220-3854 for international callers.

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 our position in the storage ecosystem, the growth of digital data and our role in the creation of additional data. 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 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 5, 2014, 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.

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- 1 Non-GAAP net income for the fourth quarter fiscal 2014 consists of GAAP net income of \$317 million plus \$47 million of amortization of intangibles related to the acquisitions of HGST, sTec, VeloBit and Virident, \$13 million of charges related to litigation and \$68 million of employee termination, asset impairment and other charges. Non-GAAP earnings per share of \$1.85 for the fourth quarter is calculated by using the same 241 million diluted shares as is used for GAAP earnings per share. The tax effect of the aforementioned items was not material.
 - 2 Non-GAAP net income for the fourth quarter fiscal 2013 consists of GAAP net loss of \$265 million plus \$681 million for charges related to an arbitration award, \$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 using 243 million diluted shares. The tax effect of the aforementioned items was not material.
 - 3 Non-GAAP net income for fiscal 2014 consists of GAAP net income of \$1.6 billion plus \$195 million of amortization of intangibles related to the acquisitions of HGST, sTec, VeloBit and Virident, \$64 million of charges related to litigation, \$133 million of employee termination, asset impairment and other charges, \$13 million of acquisition charges and \$4 million of expense due to the write-off of debt issuance costs offset by a \$65 million gain on an insurance recovery. Non-GAAP earnings per share of \$8.10 for fiscal 2014 is calculated by using the same 242 million diluted shares as is used for GAAP earnings per share. Non-GAAP net income for fiscal 2013 consists of GAAP net income of \$980 million plus \$681 million for charges related to an arbitration award, \$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. The tax effect of the aforementioned items was not material.

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

	June 27, 2014	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,804	\$ 4,309
Short-term investments	284	—
Accounts receivable, net	1,989	1,793
Inventories	1,226	1,188
Other current assets	417	308
Total current assets	8,720	7,598
Property, plant and equipment, net	3,293	3,700
Goodwill	2,559	1,954
Other intangible assets, net	454	605
Other non-current assets	473	179
Total assets	<u>\$15,499</u>	<u>\$14,036</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,971	\$ 1,990
Accrued arbitration award	758	706
Accrued expenses	412	480
Accrued compensation	460	453
Accrued warranty	119	114
Current portion of long-term debt	125	230
Total current liabilities	3,845	3,973
Long-term debt	2,313	1,725
Other liabilities	499	445
Total liabilities	6,657	6,143
Total shareholders' equity	8,842	7,893
Total liabilities and shareholders' equity	<u>\$15,499</u>	<u>\$14,036</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in millions, except per share amounts; unaudited)

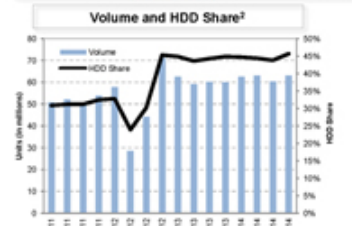
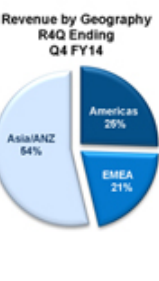
	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>June 27, 2014</u>	<u>June 28, 2013</u>	<u>June 27, 2014</u>	<u>June 28, 2013</u>
Revenue, net	\$ 3,651	\$ 3,728	\$15,130	\$15,351
Cost of revenue	2,622	2,678	10,770	10,988
Gross profit	<u>1,029</u>	<u>1,050</u>	<u>4,360</u>	<u>4,363</u>
Operating expenses:				
Research and development	426	402	1,661	1,572
Selling, general and administrative	202	180	761	706
Charges related to arbitration award	13	681	52	681
Employee termination, asset impairment and other charges	36	8	95	138
Total operating expenses	<u>677</u>	<u>1,271</u>	<u>2,569</u>	<u>3,097</u>
Operating income (loss)	352	(221)	1,791	1,266
Net interest and other	(5)	(9)	(39)	(44)
Income before (loss) income taxes	347	(230)	1,752	1,222
Income tax provision	30	35	135	242
Net income (loss)	<u>\$ 317</u>	<u>\$ (265)</u>	<u>\$ 1,617</u>	<u>\$ 980</u>
Income (loss) per common share:				
Basic	<u>\$ 1.35</u>	<u>\$ (1.12)</u>	<u>\$ 6.88</u>	<u>\$ 4.07</u>
Diluted	<u>\$ 1.32</u>	<u>\$ (1.12)</u>	<u>\$ 6.68</u>	<u>\$ 3.98</u>
Weighted average shares outstanding:				
Basic	<u>234</u>	<u>236</u>	<u>235</u>	<u>241</u>
Diluted	<u>241</u>	<u>236</u>	<u>242</u>	<u>246</u>

WESTERN DIGITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended		Years Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Cash flows from operating activities				
Net income (loss)	\$ 317	\$ (265)	\$ 1,617	\$ 980
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	308	302	1,244	1,233
Stock-based compensation	31	30	156	137
Deferred income taxes	53	(24)	(13)	35
Gain from insurance recovery	—	—	(65)	—
Loss on disposal of assets	7	—	40	—
Non-cash portion of employee termination, asset impairment and other charges	36	3	62	19
Other non-cash operating activities, net	5	—	9	—
Changes in operating assets and liabilities, net	(44)	638	(234)	715
Net cash provided by operating activities	<u>713</u>	<u>684</u>	<u>2,816</u>	<u>3,119</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(161)	(136)	(628)	(952)
Acquisitions, net of cash acquired	—	—	(823)	(1)
Purchases of investments	(91)	—	(561)	(17)
Proceeds from sales of investments	72	—	72	—
Other investing activities, net	—	—	4	—
Net cash used in investing activities	<u>(180)</u>	<u>(136)</u>	<u>(1,936)</u>	<u>(970)</u>
Cash flows from financing activities				
Employee stock plans, net	75	53	215	205
Repurchases of common stock	(272)	(235)	(816)	(842)
Dividends to shareholders	(70)	(60)	(259)	(181)
Proceeds from debt, net of issuance costs	—	—	2,992	—
Repayment of debt	(31)	(57)	(2,517)	(230)
Net cash used in financing activities	<u>(298)</u>	<u>(299)</u>	<u>(385)</u>	<u>(1,048)</u>
Net increase in cash and cash equivalents	235	249	495	1,101
Cash and cash equivalents, beginning of period	4,569	4,060	4,309	3,208
Cash and cash equivalents, end of period	<u>\$ 4,804</u>	<u>\$ 4,309</u>	<u>\$ 4,804</u>	<u>\$ 4,309</u>

		Q1 FY11				Q2 FY11				Q3 FY11				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			
Amounts in millions, except per share amounts, ASP percentages																																																																	
TAM		164.0	167.5	159.5	165.8	176.3	179.1	146.4	156.7	139.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	138.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	138.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	138.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0	138.1	135.8	135.9	133.3	140.2	142.2	138.1	138.0																
HDD Share		30.9%	31.2%	31.2%	32.5%	32.8%	33.9%	30.2%	45.3%	44.9%	43.6%	44.3%	44.9%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%	44.7%	44.4%	43.8%	45.7%																				
Units (HDD)		50.7	52.2	49.8	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	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1	62.6	63.1	60.4	63.1																				
ASP (HDD)		\$40	\$47	\$45	\$44	\$46	\$69	\$66	\$65	\$62	\$62	\$61	\$60	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58	\$58	\$60	\$58	\$58																								
Revenue		\$2,396	\$2,475	\$2,252	\$2,420	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,824	\$3,764	\$3,728	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651	\$3,804	\$3,972	\$3,703	\$3,651																								
Gross Profit		\$437	\$475	\$410	\$469	\$541	\$648	\$977	\$1,472	\$1,103	\$1,059	\$1,061	\$1,050	\$1,088	\$1,141	\$1,060	\$1,020	\$1,088	\$1,141	\$1,060	\$1,020	\$1,088	\$1,141	\$1,060	\$1,020	\$1,088	\$1,141	\$1,060	\$1,020	\$1,088	\$1,141	\$1,060	\$1,020	\$1,088	\$1,141	\$1,060	\$1,020																												
Gross Margin		18.2%	19.2%	18.2%	19.5%	20.1%	32.5%	32.2%	31.0%	27.3%	27.7%	28.2%	28.2%	28.6%	28.7%	28.6%	28.2%	28.6%	28.7%	28.6%	28.2%	28.6%	28.7%	28.6%	28.2%	28.6%	28.7%	28.6%	28.2%	28.6%	28.7%	28.6%	28.2%	28.6%	28.7%	28.6%	28.2%																												
R&D		\$167	\$169	\$179	\$188	\$193	\$191	\$265	\$406	\$396	\$378	\$396	\$402	\$401	\$421	\$426	\$426	\$401	\$421	\$426	\$426	\$401	\$421	\$426	\$426	\$401	\$421	\$426	\$426	\$401	\$421	\$426	\$426	\$401	\$421	\$426	\$426																												
SG&A		59	66	63	77	71	85	122	178	179	162	185	180	132	229	202	202	132	229	202	202	132	229	202	202	132	229	202	202	132	229	202	202	132	229	202	202																												
Other		-	-	10	32	18	210	48	80	26	41	63	688	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13																												
Total Operating Expenses		\$226	\$235	\$252	\$297	\$282	\$486	\$435	\$664	\$601	\$581	\$644	\$1,271	\$546	\$663	\$641	\$677	\$546	\$663	\$641	\$677	\$546	\$663	\$641	\$677	\$546	\$663	\$641	\$677	\$546	\$663	\$641	\$677																																
Operating Income (Loss)		\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$808	\$562	\$478	\$417	\$221	\$542	\$478	\$419	\$352	\$542	\$478	\$419	\$352	\$542	\$478	\$419	\$352	\$542	\$478	\$419	\$352	\$542	\$478	\$419	\$352																																
Net Income (Loss)		\$197	\$225	\$148	\$158	\$239	\$145	\$483	\$745	\$519	\$335	\$391	\$260	\$495	\$430	\$375	\$317	\$495	\$430	\$375	\$317	\$495	\$430	\$375	\$317	\$495	\$430	\$375	\$317	\$495	\$430	\$375	\$317																																
EPS		\$0.84	\$0.96	\$0.62	\$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	\$2.05	\$1.77	\$1.55	\$1.32	\$2.05	\$1.77	\$1.55	\$1.32	\$2.05	\$1.77	\$1.55	\$1.32	\$2.05	\$1.77	\$1.55	\$1.32																																
Diluted Shares Outstanding		234	235	236	237	237	237	246	260	252	246	245	236	242	243	242	241	242	243	242	241	242	243	242	241	242	243	242	241	242	243	242	241																																
Non-GAAP Results																																																																	
Gross Profit		\$437	\$475	\$410	\$469	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,085	\$1,135	\$1,196	\$1,115	\$1,078	\$1,135	\$1,196	\$1,115	\$1,078	\$1,135	\$1,196	\$1,115	\$1,078	\$1,135	\$1,196	\$1,115	\$1,078	\$1,135	\$1,196	\$1,115	\$1,078																																
Gross Margin		18.2%	19.2%	18.2%	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%	29.8%	30.1%	30.1%	29.5%	29.8%	30.1%	30.1%	29.5%	29.8%	30.1%	30.1%	29.5%	29.8%	30.1%	30.1%	29.5%																																
Net Income		\$197	\$225	\$158	\$193	\$260	\$358	\$619	\$872	\$594	\$513	\$514	\$477	\$514	\$502	\$470	\$445	\$514	\$502	\$470	\$445	\$514	\$502	\$470	\$445	\$514	\$502	\$470	\$445	\$514	\$502	\$470	\$445																																
EPS*		\$0.84	\$0.96	\$0.66	\$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	\$2.12	\$2.19	\$1.94	\$1.85	\$2.12	\$2.19	\$1.94	\$1.85	\$2.12	\$2.19	\$1.94	\$1.85	\$2.12	\$2.19	\$1.94	\$1.85																																
Revenue By Channel																																																																	
OEM		50%	40%	47%	55%	53%	59%	64%	69%	63%	61%	60%	66%	64%	62%	62%	65%	64%	62%	62%	65%	64%	62%	62%	65%	64%	62%	62%	65%	64%	62%	62%	65%																																
Distributors		32%	33%	33%	29%	29%	25%	29%	21%	24%	24%	26%	23%	24%	24%	25%	23%	24%	24%	25%	23%	24%	24%	25%	23%	24%	24%	25%	23%	24%	24%	25%	23%																																
Retail		18%	22%	20%	16%	18%	16%	8%	10%	13%	15%	14%	11%	12%	14%	13%	12%	12%	14%	13%	12%	12%	14%	13%	12%	12%	14%	13%	12%	12%	14%	13%	12%																																
Revenue by Geography																																																																	
Americas		23%	22%	22%	20%	19%	22%	21%	27%	23%	27%	27%	28%	26%	25%	25%	24%	26%	25%	25%	24%	26%	25%	25%	24%	26%	25%	25%	24%	26%	25%	25%	24%																																
EMEA		23%	25%	24%	20%	22%	21%	18%	18%	18%	23%	22%	19%	20%	23%	21%	20%	20%	23%	21%	20%	20%	23%	21%	20%	20%	23%	21%	20%																																				
Asia/PAC		54%	53%	54%	60%	59%	57%	61%	55%	59%	50%	51%	53%	54%	52%	54%	56%	54%	52%	54%	56%	54%	52%	54%	56%	54%	52%	54%	56%	54%	52%	54%	56%																																
Top 10 Customers Revenue		50%	48%	49%	53%	49%	51%	53%	53%	44%	45%	45%	48%	48%	42%	44%	45%	48%	42%	44%	45%	48%	42%	44%	45%	48%	42%	44%	45%	48%	42%	44%	45%																																
Enterprise SSO Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$11	\$54	\$70	\$69	\$92	\$104	\$106	\$155	\$134	\$113	\$106	\$155	\$134	\$113	\$106	\$155	\$134	\$113	\$106	\$155	\$134	\$113																																				
PC Units¹																																																																	
Desktop		16,082	17,385	16,227	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	22,912	22,662	21,814	22,899	22,912	22,662	21,814	22,899	22,912	22,662	21,814	22,899																																				
Consumer Electronics		20,918	20,411	20,118	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	17,307	16,825	16,635	16,182	17,307	16,825	16,635	16,182	17,307	16,825	16,635	16,182																																				
Non-PC Units																																																																	
Branded Enterprise		5,239	4,709	4,765	6,459	7,188	2,352	3,543	4,155	8,019	6,452	6,517	6,544	8,474	8,794	8,573	10,006	8,474	8,794	8,573	10,006	8,474	8,794	8,573	10,006	8,474	8,794	8,573	10,006																																				
Total HDD		50,796	52,216	49,832	53,809	57,827	29,472	44,227	71,038	62,480	59,241	60,175	59,896	62,610	63,082	60,423	63,097	62,610	63,082	60,423	63,097	62,610	63,082	60,423	63,097	62,610	63,082	60,423	63,097																																				
Average GB Shipped		512	581	578	608	634	578	581	660	708	804	805	797	811	874	888	875	811	874	888	875	811	874	888	875	811	874	888	875																																				
EB Shipped		26.0	30.3	28.8	32.7	36.7	56.5	25.7	47.4	44.3	47.8	48.4	47.7	50.8	55.1	53.8	55.2	50.8	55.1	53.8	55.2	50.8	55.1	53.8	55.2	50.8	55.1	53.8	55.2																																				
RAI2 EB Shipped		94.1	102.5	107.7	117.8	128.5	154.6	111.5	126.3	133.9	165.1	187.8	188.0	194.5	202.0	207.2	214.7	194.5	202.0	207.2	214.7	194.5	202.0	207.2	214.7																																								



Balance sheet, cash flow, earnings, dividends and share repurchase amounts in millions																
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY11	FY11	FY11	FY11	FY12	FY12	FY12	FY12	FY13	FY13	FY13	FY13	FY14	FY14	FY14	FY14
Cash and Cash Equivalents	\$2,858	\$3,110	\$3,230	\$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
Available-for-Sale (AFS) Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt	(375)	(650)	(925)	(984)	(263)	(731)	(2,185)	(2,185)	(2,120)	(2,120)	(2,013)	(1,950)	(2,390)	(2,347)	(2,469)	(2,436)
Net Cash, Cash Equivalents & AFS Securities	\$2,483	\$2,760	\$2,905	\$3,196	\$3,412	\$3,693	\$634	\$1,023	\$1,409	\$1,696	\$2,047	\$2,354	\$2,471	\$2,315	\$2,510	\$2,865
Cash Flow From Operations	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$996	\$772	\$727	\$684	\$680	\$727	\$697	\$713
Free Cash Flow	\$190	\$255	\$138	\$294	\$218	\$258	\$1,069	\$804	\$554	\$526	\$539	\$548	\$544	\$557	\$536	\$552
Capital Expenditures	\$200	\$250	\$175	\$153	\$134	\$120	\$139	\$324	\$382	\$248	\$188	\$136	\$136	\$170	\$161	\$161
Depreciation and Amortization	\$150	\$151	\$151	\$150	\$158	\$140	\$188	\$339	\$313	\$309	\$309	\$302	\$312	\$317	\$307	\$308
EBITDA	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787	\$726	\$81	\$854	\$795	\$726	\$660
Accounts Receivable, Net	\$1,325	\$1,250	\$1,171	\$1,208	\$1,356	\$747	\$2,377	\$2,384	\$1,951	\$1,732	\$1,700	\$1,793	\$1,791	\$1,959	\$1,802	\$1,980
Raw Materials	\$190	\$141	\$151	\$172	\$170	\$191	\$329	\$245	\$237	\$193	\$191	\$167	\$208	\$201	\$204	\$168
Work in Process	266	274	260	263	275	185	667	552	559	581	583	575	579	581	519	493
Finished Goods	140	153	163	142	200	80	286	413	508	430	423	446	457	511	564	565
Total Inventory	\$561	\$568	\$574	\$577	\$645	\$486	\$1,282	\$1,210	\$1,304	\$1,204	\$1,197	\$1,188	\$1,244	\$1,293	\$1,277	\$1,226
Property, Plant and Equipment, Net	\$2,245	\$2,277	\$2,249	\$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
Accounts Payable	\$1,703	\$1,628	\$1,486	\$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
Days Sales Outstanding	50	46	47	46	46	34	71	45	44	41	41	44	43	45	44	50
Days Inventory Outstanding	26	26	28	27	27	31	57	34	42	40	40	40	42	42	44	42
Days Payables Outstanding	79	74	73	73	72	60	123	77	82	72	69	67	69	68	65	68
Cash Conversion Cycle	(3)	(2)	2	-	1	5	5	2	4	9	12	17	16	19	23	24
Inventory Turns	14	14	13	13	13	12	6	11	9	9	9	9	9	9	8	9
Dividends Paid	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$121	\$-	\$60	\$59	\$59	\$71	\$70
Shares Repurchased	1.8	-	-	-	-	-	-	16.4	5.2	4.2	5.2	4.4	2.3	2.0	2.8	3.2
Shares Repurchased	\$50	\$-	\$-	\$-	\$-	\$-	\$-	\$604	\$218	\$148	\$243	\$235	\$150	\$150	\$244	\$272
Remaining Amount Authorized	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$1,312	\$2,594	\$2,448	\$2,205	\$1,970	\$1,820	\$1,670	\$1,426	\$1,154
R4Q Economic Profit*	\$714	\$484	\$213	\$92	\$113	\$15	\$83	\$542	\$801	\$976	\$884	\$559	\$176	\$(100)	\$(158)	\$415
R4Q ROIC*	26.4%	21.1%	15.6%	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%
R4Q ROA*	18.1%	14.6%	10.9%	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%
Worldwide Headcount	62,817	62,991	61,349	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

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

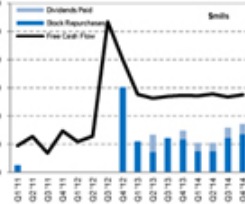
Gross vs. Net Cash, Cash Equivalents & AFS Securities



R&D 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 FY11	Q2 FY11	Q3 FY11	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
Reconciliation of Cash Flows from Operations to Free Cash Flow																
Cash Flows from Operations	\$390	\$505	\$313	\$447	\$352	\$378	\$1,208	\$1,128	\$806	\$772	\$727	\$684	\$680	\$727	\$697	\$713
Capital Expenditures	(255)	(250)	(173)	(153)	(134)	(122)	(139)	(224)	(282)	(246)	(188)	(136)	(136)	(170)	(161)	(181)
Free Cash Flow	\$135	\$255	\$140	\$294	\$218	\$256	\$1,069	\$904	\$524	\$526	\$539	\$548	\$544	\$557	\$536	\$532
Reconciliation of Net Income to EBITDA																
Net Income (Loss)	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335	\$301	\$(265)	\$495	\$430	\$375	\$317
Interest	-	1	(1)	2	1	2	4	7	14	10	11	9	10	11	13	5
Income Tax Expense	14	14	13	12	19	15	55	56	59	133	15	35	37	37	31	30
Depreciation and Amortization	150	151	151	150	158	140	188	339	313	309	309	302	312	317	307	308
EBITDA	\$361	\$391	\$309	\$322	\$417	\$302	\$730	\$1,147	\$905	\$787	\$726	\$81	\$854	\$795	\$726	\$660
Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit																
Gross Profit	\$437	\$475	\$410	\$489	\$541	\$648	\$977	\$1,472	\$1,193	\$1,059	\$1,061	\$1,050	\$1,088	\$1,141	\$1,060	\$1,029
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	91	-	-	-	-	-	-	-	-	-
Restructuring and other	-	-	-	-	-	-	-	-	-	-	-	-	11	15	16	10
Amortization of Intangibles	-	-	-	-	-	-	8	39	38	38	38	35	36	40	39	39
Non-GAAP Gross Profit	\$437	\$475	\$410	\$489	\$541	\$648	\$1,077	\$1,511	\$1,231	\$1,097	\$1,099	\$1,085	\$1,135	\$1,196	\$1,115	\$1,078
Revenue	\$2,396	\$2,475	\$2,252	\$2,403	\$2,694	\$1,995	\$3,035	\$4,754	\$4,035	\$3,624	\$3,764	\$3,728	\$3,804	\$3,972	\$3,703	\$3,651
Gross Margin	18.2%	19.2%	18.2%	19.9%	20.1%	32.5%	32.2%	31.0%	29.8%	27.7%	29.2%	28.2%	28.6%	28.7%	28.6%	28.2%
Non-GAAP Gross Margin	18.2%	19.2%	18.2%	19.9%	20.1%	32.5%	35.5%	31.8%	30.5%	28.7%	29.2%	29.1%	29.8%	30.1%	30.1%	29.5%
Reconciliation of Net Income (Loss) to Non-GAAP Net Income																
Net Income (Loss)	\$197	\$225	\$146	\$158	\$239	\$145	\$483	\$745	\$519	\$335	\$301	\$(265)	\$495	\$430	\$375	\$317
Acquisition-Related Expense	-	-	10	10	14	14	34	-	-	-	-	7	13	-	-	-
Litigation	-	-	-	25	7	-	-	-	-	-	-	681	13	25	13	13
Charges Related to Flooding, Net	-	-	-	-	199	15	-	-	-	-	-	-	-	-	-	-
Acquisition-Related Fair Value Adjustments	-	-	-	-	-	-	91	-	-	-	-	-	-	-	-	-
Amortization of Intangibles	-	-	-	-	-	-	12	51	49	49	49	48	47	51	50	47
Restructuring and other	-	-	-	-	-	-	-	80	26	41	74	8	11	26	28	68
Insurance Recovery	-	-	-	-	-	-	-	-	-	-	-	-	(85)	-	-	-
Write-off of debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
Tax Impact	-	-	-	-	-	-	(13)	(5)	-	-	8	-	-	-	-	-
Non-GAAP Net Income	\$197	\$225	\$156	\$193	\$290	\$358	\$619	\$872	\$594	\$513	\$514	\$477	\$514	\$532	\$470	\$445
EPS	\$0.84	\$0.96	\$0.62	\$0.67	\$1.01	\$0.41	\$1.96	\$2.87	\$2.06	\$1.36	\$1.60	\$(1.12)	\$2.05	\$1.77	\$1.55	\$1.32
Non-GAAP EPS	\$0.84	\$0.96	\$0.66	\$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
Diluted Shares Outstanding	234	235	236	237	237	237	246	260	252	246	245	236	242	243	242	241
Non-GAAP Diluted Shares Outstanding	234	235	236	237	237	237	246	260	252	246	245	243	242	243	242	241

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	FY10				FY11				FY12				FY13				FY14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reconciliation of Operating Income (Loss) to																				
RAQ Economic Profit																				
Operating Income (Loss)	\$319	\$473	\$441	\$293	\$211	\$240	\$158	\$172	\$259	\$162	\$542	\$808	\$592	\$478	\$417	\$(221)	\$542	\$478	\$419	\$352
Income Tax Provision	(29)	(42)	(45)	(27)	(14)	(14)	(13)	(12)	(19)	(15)	(65)	(56)	(59)	(133)	(111)	(25)	(37)	(37)	(31)	(20)
Net Operating Profit After Taxes	290	431	401	266	197	226	145	160	240	147	477	752	533	345	306	(256)	505	441	388	332
RAQ Net Operating Profit After Taxes	972	1,320	1,388	1,295	1,090	834	728	728	771	692	1,034	1,626	1,919	2,117	2,032	1,024	996	1,082	1,078	1,656
Invested Capital x WACC	(488)	(534)	(562)	(581)	(800)	(821)	(836)	(856)	(877)	(1,117)	(1,064)	(1,064)	(1,158)	(1,141)	(1,148)	(1,083)	(1,172)	(1,201)	(1,236)	(1,241)
RAQ Economic Profit	\$484	\$786	\$826	\$714	\$484	\$213	\$92	\$92	\$113	\$15	\$(83)	\$542	\$801	\$976	\$884	\$(59)	\$170	\$(109)	\$(156)	\$415

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

RAQ Economic Profit = RAQ 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%

RAQ ROIC = RAQ (Operating Income (Loss) + Interest Expense) / RAQ Average (Short-term debt + Current portion of long-term debt + Long-term debt + Total shareholders' equity)

RAQ ROA = RAQ Operating Income (Loss) / RAQ Average Total Assets

Footnotes

- ASP, Revenue by Channel and Revenue by Geography exclude external sales of media/substrates.
- Unit volume excludes WD TV Media Players without hard drives, WD LIVESiRE, SSD and media.
- Worldwide Headcount excludes temporary and contracted employees.
- Consumer Electronics includes gaming.
- PC includes shipments to distributors, second/third tier external HDD manufacturers, and white box manufacturers.
- 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.
- WACC of 11% is an internal assumption.
- Q2 FY12 includes charges related to the flooding. Q4 FY13 includes charges related to the arbitration award.
- TAM is preliminary and based on internal information.